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# Consolidated Annual Accounts 2015

Enovos International S.A.

Société Anonyme

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# 1. Management report

As a major player in a number of European energy markets Enovos International enjoyed a positive year in 2015, despite the challenges posed by increasing international competition, falling energy market prices, and the impact of the stalling economic growth rate in global economies.

Enovos International is the holding company for the energy supplier Enovos Luxembourg S.A., which is not regulated, and the grid operator Creos Luxembourg S.A. which is regulated.

Unlike many holding companies Enovos International is directly responsible for group strategy and development, defines overall financial principles, sets corporate governance guidelines and provides various shared services to the core group companies.

The consolidated annual accounts include those of Enovos International S.A. and those of its affiliates (the "group"), including 51 companies, of which 34 are fully consolidated and 17 are consolidated under the equity method.

## Highlights

Overall, 2015 has been a year with many challenges and 2016 is expected to be similar. While at European Union level, current forecasts point to GDP growth of 1.9%, the spectre of the debt crisis in the southern EU countries has lost much of its sting and taken a back seat to either geopolitical challenges such as the refugee crisis, Ukraine and Syria or world economy issues including the China slowdown and the turnaround in US interest rates.

Worries about a worsening economic outlook in Germany have not materialised, with 2015 holding steady at, or slightly above, 2014 levels. No substantial downside risk is observable on national drivers, with domestic consumption steady, due to low inflation and the low cost of consumer debt. Internationally, the slowdown in China and the developing countries could hurt demand for some of Germany's main export goods, but the extent of the "correction" in the Chinese economy cannot be known.

The operating results of the group further improved and 2015 has been a positive year reflecting the group's ability to produce excellent results in a difficult environment with ever increasing competition in the industrial sector and commodity prices continuing their downward trend.

In this context of continuously dropping market prices, the Board of Directors decided to further revise the value of its long term assets and to book a number of exceptional value adjustments downwards, mainly on a pulverised coal fired power plant and a combined cycle gas turbine plant, thus negatively impacting the group's net result.

Over the year, the group pursued its growth strategy investing in all business areas from sales to grid and renewables.

## Non-regulated activities

Enovos Group's total electricity sales could be stabilised on a high level with a slight increase in 2015, from 17.2 TWh in 2014 to 17.3 TWh in 2015, while electricity prices continued their downward trend throughout the year, declining on average by more than 13% year on year, based on German year-ahead power prices.

Enovos Group's total natural gas sales decreased from 28.0 TWh in 2014 to 24.2 TWh in 2015 (-3.8 TWh) which is mainly driven by Luxembourgish industrial clients as well as less supply to power plants (i.e. Twinerg). The intensified competition on the German market also resulted in shrinking natural gas sales. This could be partially compensated by additional sales to French clients.

In a challenging commercial environment with increased international competition in the industrial segment, the group managed with its dedicated commercial team of energy specialists to maintain market share and consolidate its customer portfolio in Luxembourg. New products and services developed by the Energy Solutions & Services department of Enovos Luxembourg S.A. have been added to the traditional commodity portfolio electricity & gas, thus creating added value for industrial and professional customers and differentiating itself from competitors.

The group also believes that new sources of growth and revenue play an essential role for its sustainable development. During 2015, new products have been developed and successfully launched such as nova naturstrom 2.0, enoheat gas and enoprimes. Enovos Luxembourg S.A. received the Environmental Award 2015 from the Business Federation Luxembourg for nova naturstrom 2.0.

In 2015, Enovos Luxembourg S.A. established a joint venture with Entreprise des Postes et Télécommunications, Active SmartHome S.A.. The new company will give Luxembourgish customers a unique access to intelligent services, such as energy and heating management, security and surveillance of the home, or remote control of various appliances.

In 2015 the focus of all renewables activities has been on the "Olympia 2" project which has the objective of making a complete technical, financial and legal review of all assets in a portfolio. The aim is also to define optimized processes and procedures for asset management and project development. Immediately after the conclusion of the project in September 2015, implementation began in parallel with an in-depth review of the renewable strategy. This now consists of two main pillars, the growth of its own green asset base on one side, and the growth of Enovos' O&M services for 3<sup>rd</sup> parties and own assets on the other.

Several investment projects started in 2014 have been successfully commissioned in 2015, in Germany via Enovos Renewables GmbH, and in Luxembourg through the joint venture participation in Soler S.A.. In March 2015, the 4.1 MWp ground-mounted PV power plant Kröv (Rhineland-Palatinate) was connected to the grid, adding an additional 4 GWh of production. In May 2015, the second construction phase of Windpark Schiffweiler was completed, raising the total capacity to 12.5 MW and adding a total annual production of 28 GWh to the green production portfolio. Finally, in Luxembourg, Windpark Kehmen-Heischent was extended by three wind turbines, each contributing 2.35 MW, raising the total capacity of the windfarm to 19.65 MW.

In the 4<sup>th</sup> quarter 2015, the decision was taken to acquire the project rights for two new windfarms (Priesberg with a capacity of 12.5 MW and Homburg with 9.6 MW capacity) located in Saarland and subsequently continue the development of these projects with a target for commissioning in the second half of 2016.

Consequently, the total net installed capacity in 2015 grew by 6% to 319 MW and the total production by 20% to 651 GWh.

As regards conventional energy, the 11<sup>th</sup> turbine of the SEO pumping station, to which Enovos Luxembourg S.A. is the co-investor, started production on 1<sup>st</sup> August 2015.

## **Regulated activities**

The total electricity-transportation volumes of the group are in line with last year, at 5.2 TWh in 2015 (+2.4%), whereas total gas-transportation volumes have decreased from 10.9 TWh in 2014 to 9.9 TWh in 2015 in Luxembourg, mainly because of lower demand on the electricity-production side, although in Germany there was an increase from 26.1 TWh in 2014 to 27.4 TWh in 2015.

The third year of the first regulatory period under the so-called "Incentive Regulation", which caps a network operator's permitted operational expenses was marked in 2015. Thus, the regulatory framework under which Creos Luxembourg S.A. operated in Luxembourg remained unchanged from the previous year (and will remain so until 2016, inclusive). Detailed information on the applicable regulations as well as the tariffs approved for Creos Luxembourg S.A. can be found on [www.ilr.lu](http://www.ilr.lu).

In accordance with the legal requirements, Creos Luxembourg S.A. has established a programme containing the appropriate measures to exclude any discriminatory practice in the treatment of different network users. The programme and its annual monitoring are published on our Internet site at [www.creos.net](http://www.creos.net).

2015 has again been a positive investment year for Creos Luxembourg S.A. – never before in its history has the company invested as much as EUR 141.4 million in its grids and operations. This big investment programme, driven mainly by the expansion of the high voltage grid, the deployment of smart meters, and the modernization/renewal of operating sites will continue for the next few years before tapering off towards EUR 100 million by 2018.

Besides reinforcing its own national grid, Creos Luxembourg S.A. has continued to be very active on the European level by working with adjacent TSO's in order to create a regional market by connecting adjacent operators. These efforts reflect the spirit of the European Directive 2009/73/EC, which aims at getting Member States to evolve towards creating a barrier-free single market.

One key element of the investment plan in Luxembourg concerns the so-called "smart energy meters". All distribution-grid operators (electricity and gas) in Luxembourg are required by law to replace all existing metering devices with "smart meters". The legal deadline for complete (i.e. 95%) coverage has been shifted by one year (power meters until 2019, gas meters until 2020). During 2015, the Luxmetering G.I.E. (a company held jointly with all the other DSOs in Luxembourg) has designed and implemented the common and unique platform for the smart meter read-out. Smart Meter suppliers (for both gas and power) have been selected via a European-wide submission process and first prototypes have been tested. The general mass roll-out should now begin in mid-2016.

Creos Luxembourg S.A. is currently in the planning phase for a new headquarter and operational centre in the City of Luxembourg to replace its current Hollerich and Strassen sites. In 2015, the company acquired land for this project and construction is planned to begin by the end of 2016. Creos Luxembourg S.A. is also constantly monitoring new technological developments that could make its grids more reliable or reduce the investment needed to prepare its grids for future evolutions. In this context the company has introduced the "dynamic line rating" technology on a key power transport line and took a stake in the company Ampacimon S.A. which developed this technology.

In 2015, Creos Deutschland increased the investment needed to modernize its grids in line with the newly defined target grid, and the successful start of Creos Deutschland Services, active in non-regulated business.

## Headcount

In order to support its growth strategy and to carry out the numerous development and investment projects, the average number of employees of the Enovos Group further increased from 1,427 people in 2014 to 1,470 in 2015. The Board of Directors and the Management of Enovos International S.A. would like to thank all employees for their contributions throughout 2015 and for their full support in implementing important changes.

## Financials

The consolidated ordinary operating profit (EBITDA) of EUR 232.4 million (2014: EUR 212.2 million) illustrates the strong operational performance of the group in 2015 - at an historical high level despite overall unfavourable market conditions.

The positive financial impact on operations is very much due to successful sales activities, mainly in the Luxemburgish market, and overall improved sourcing conditions combined with positive portfolio management and trading activities. In Germany, the operating profit of our subsidiaries remains under pressure due to the strong market competition in the industrial segment and falling energy-market prices.

The contribution to the consolidated ordinary operating profit of the grid companies further improved in 2015, as a result of increased revenues and more capitalised own work due to the high investments.

The contribution to the consolidated ordinary operating profit of the renewables companies increased in 2015, driven by a full year of operational activities of those renewable energy investments that started power production in 2014, even if some of the assets were operating below target.

Share in the companies' results posted under the equity method of EUR 13.2 million (2014: EUR 14.5 million) slightly deteriorated, mainly from Twinerg S.A. since the negative market conditions for combined cycle gas turbine plant does currently not allow such installations to operate profitably. The decision taken to mothball the company for an undetermined period allowed Twinerg to be contracted for the Belgian strategic reserve ("SGR") during the winter 2015-2016. The shareholders of Twinerg S.A. committed themselves to consider the future strategic issues of Twinerg during the first half of 2016.



In the context of the annual impairment-testing process that the group performs on its fixed assets, a number of value adjustments have been booked, which had a negative impact on the consolidated results. First, the Board of Directors decided to book an additional exceptional depreciation of EUR 19.0 million, adding to the exceptional depreciation of EUR 14.0 million already recognized in 2014, on its long-term lignite-based electricity contract since the economics of the investment are purely market related. Second, in the light of the current strategic uncertainties described above regarding Twinerg S.A., a full impairment of the financial assets of EUR 5.0 million and of a shareholder loan of EUR 2.4 million i.e. a total amount of EUR 7.4 million has been recognized. Finally the Board of Directors decided to fully depreciate the remaining goodwill of the wind power company La Benête Energies S.à r.l. for EUR 1.1 million and to fully depreciate for EUR 0.2 million the goodwill resulting from the acquisition during the year of the 20% remaining shares in the biogas plant of Energiepark Trelder Berg GmbH.

In total, exceptional value adjustments and provisions amount to EUR 28.1 million and have been recognised under the headings "Value adjustments on formation expenses and on tangible and intangible fixed assets", impacting operating profit (EBIT) by a total of EUR 20.7 million, and "Extraordinary charges", further impacting earnings before tax (EBT) by a total of EUR 7.4 million.

As a consequence of the exceptional depreciations and provisions, net profit for the year amounts to EUR 80.6 million (EUR 58.4 million group share). Excluding the impact of the exceptional impairments of EUR 28.1 million, the consolidated net profit for the financial year would be 108.7 MEUR.

In 2015, the group largely continued investing in the commercial, grids and renewables sectors, to a total of EUR 221.3 million. Consolidated net financial debt (debenture loans and amounts owed to credit institutions including the financing of the SEO 11<sup>th</sup> turbine, less cash at bank and transferrable securities) further increased from EUR 493.6 million in 2014 to EUR 520.4 million in 2015.

The group's total capital and reserves increased to EUR 1,207.5 million (2014: EUR 1,164.2 million), taking account of the distributed dividends to its shareholders and the net profit for the year. Capital and reserves represent 47.8% of total assets (45.9% in 2014), leaving the group with a very sound balance sheet structure to support its continued growth for the years to come.

### **Risk-management objectives and policies**

The main risks the group has to manage are those relating to market risk, induced by the price volatility in the energy markets, credit risk towards clients and counterparties, and risks related to past and future investments. In addition there are operational and IT risks as well as a need to comply with the increasing regulatory intervention in the energy market on a European level.

An early identification of possible risk factors is key to maintaining a stable business. For this reason, risk management is integrated in the daily business of the Enovos Group across the entire organisation and value-chain. A centralisation of possible risks as well as the definition of policies and guidelines assist the managers and foster the value-creation process.

The Risk Committee Markets is in charge of the general definition of risk tolerance, methodology and risk management tools. Through monthly and ad-hoc meetings, the Risk Committee Markets ensures the implementation of the risk policy for commercial activities of the Enovos Group.

On 25<sup>th</sup> October 2011, the Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency ("REMIT") was adopted. This introduced a framework to regulate insider dealing and market manipulation tailored on the needs and dynamics of wholesale energy markets and imposing a reporting obligation for wholesale energy products. On 4<sup>th</sup> July 2012, the European Parliament and the Council adopted Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (the so-called European Market Infrastructure Regulation, "EMIR") which introduces provisions to improve transparency and reduce the risks associated with the OTC derivatives market. Enovos Luxembourg S.A. as the head company of the group's commercial activities has created a new, dedicated unit within Risk Management to proactively screen and follow-up on regulatory topics related to the above and other upcoming regulations concerning the wholesale energy markets the group operates in. Supported by other internal stakeholders in its regulatory working group it leads the analysis of the regulation's implications and prepares for the various obligations that Enovos Luxembourg S.A. will have to fulfil in order to ensure that it complies with the various EU obligations.

In 2015, Risk Management successfully set up Phase I of REMIT transaction reporting, starting last October, and also prepared and performed the corresponding back-loading of transaction data for the end of the year. In 2016, Enovos Luxembourg S.A. will implement the Phase II of the mandatory transaction reporting obligation under REMIT and will start a deeper analysis of the potential impact of the upcoming updated rules for the Directive on markets in financial instruments (MIFID II) on the company's business, coming into force in 2018.

Specifically in the area of the grid companies, the risk management culture has further been formalised with the introduction of a Creos Risk Committee and the organisation of workshops, including training on the best use of the risk management software Eagle. The main concern of risk management relates to potential damage to the grid under certain extreme weather conditions, as well as to prevention of accidents amongst the internal and external workforce.

The Group Risk Management department is centralizing all risk management reporting from the core group companies and reports to the Group Risk Committee which monitors the main risks identified across the Enovos Group. During 2015, a dedicated Risk Committee "Shared Services" has been created in order to specifically review the risks associated to the activities of Enovos International S.A..

## Outlook

The group does not expect a major short-term recovery on the energy markets and hence foresees energy prices remaining at low levels. Enovos Luxembourg S.A. will continue its growth in France in the large B2B segment and will reinforce its development towards Small and Medium enterprises especially for electricity due to the end of the regime of "regulated sales tariffs" in France. After several successes in 2015, Enovos Luxembourg S.A. will address public distributors in France more intensively by supplying gas, power and energy related services. In order to improve its commercial efficiency in the French market, Enovos Luxembourg S.A. will set up a new sales organisation for France during 2016, including a local operation. In Belgium, Enovos Luxembourg S.A. will accelerate its growth through its new branch by extending activities to Small and Medium enterprises and residential markets in the Walloon Region while continuing to develop the large B2B segment across Belgium. Energy services will be progressively integrated as an offering starting in 2016 with photovoltaic turnkey solutions for B2B. The B2C and small B2B market will be addressed via an innovative and cost-efficient model developed in partnership with a Telco company. In order to regain profitability with the group's German sales activities, the profit improvement plan, initiated in 2015, will be implemented throughout 2016.

In the area of new products and services, Enovos Luxembourg S.A. will launch its enosmart and enosolar solutions in the first half of 2016.

In line with its revised renewables strategy to further develop operations and maintenance, a dedicated company has been created in early 2016 named Enovos Renewables O&M GmbH; this company will regroup all existing O&M contracts in Germany and focus on further development of this business area. In order to further grow its renewable portfolio, Enovos Luxembourg S.A. is targeting new investments mainly in wind and photovoltaic.

Besides ongoing developments in all business fields, the company will foster innovation in 2016 and take an active role in innovative business models and solutions that may arise from the fast reshaping of the energy sector. In this respect, a collaboration agreement has been signed with Technoport S.A. in Luxembourg in February 2016; the goal is to promote and support the creation and development of innovative and technology-oriented companies in Luxembourg.

Creos Luxembourg S.A. will continue in 2016, and following years, to implement a significant plan for investment and maintenance to modernise its networks in order to ensure their safety and reliability. The company will also continue to actively prepare the introduction of "smart" meters and "smart" grids. In 2016, it will also start the preparatory works for the E-mobility project, the installation of loading stations for electrical cars.

Since 1<sup>st</sup> January 2013, a new "incentive" regulation is in force for a first application period until 2016, according to the ILR regulations E/12/05 (electricity) and E/12/06 (gas) as of 22<sup>nd</sup> March 2012. A public consultation process was launched at the end of 2015 to adapt these regulations for the second application period which will start in 2017 for 4 years (2017-2020) with 2015 as the reference year. The new ILR regulations should be made public in the beginning of the second quarter 2016 but according to currently available information and documents (see [www.ilr.lu](http://www.ilr.lu)), the ILR is of the opinion that a substantial reduction of the capital remuneration for grid operators should be applied.

On the financing side, while no new transactions occurred during 2015, Enovos International S.A. is contemplating in early 2016 several options to finance part of its investments mainly in grid and in renewable projects planned for 2016 and beyond.

### Own shares

No transactions occurred in the course of the year.

### Board of Directors

On 23<sup>rd</sup> December 2015, the Minister of Economy of Luxembourg, ARDIAN, RWE and E.ON announced a major change in the shareholding of Enovos International S.A.. A consortium led by the existing shareholders, the Luxembourg State, the City of Luxembourg, the SNCI (Société Nationale de Crédit et d'Investissement), and ARDIAN, joined by the BCEE (Banque et Caisse d'Epargne de l'Etat) announced the take-over of all the company's shares held by RWE and E.ON energy groups (28.36%). Closing of the transaction has been on 7<sup>th</sup> March 2016. An extraordinary shareholders' meeting of the Enovos International S.A. was held on that same date approving the share transfer, amending the articles of association of the company, acknowledging the resignation of directors Dr. Peter Frankenberg, Mr. Peter Pichl and Dr. Werner Roos and nominating as new directors Mr. Claude Strasser, Mr. Aloyse Kohll, and Mr. Marc Reding to the board of the company as a consequence of this shareholder change.

Following is the shareholder structure of Enovos International S.A. before and after this transaction:

| ENOVOS INTERNATIONAL S.A.<br>shareholder change of March 7, 2016 | No of shares<br>% of shares<br>before | No of shares<br>% of shares<br>transferred | No of shares<br>% of shares<br>after |
|--|---------------------------------------|--|--------------------------------------|
| State of Grand-Duchy of Luxembourg                               | 231,405<br>25,44%                     | 23,288<br>2,56%                            | 254,693<br>28,00%                    |
| AXA Redilion ManagementCo SCA<br>"ARDIAN"                        | 213,600<br>23,48%                     | 0<br>0,00%                                 | 213,600<br>23,48%                    |
| ARDIAN Redilion ManagementCo SCA<br>"ARDIAN"                     | 0<br>0,00%                            | 18,194<br>2,00%                            | 18,194<br>2,00%                      |
| Administration Communale de la Ville de Luxembourg               | 72,770<br>8,00%                       | 89,231<br>7,61%                            | 142,001<br>15,61%                    |
| Société Nationale de Crédit et d'Investissement<br>"SNCI"        | 91,054<br>10,01%                      | 38,118<br>4,19%                            | 129,172<br>14,20%                    |
| Banque et Caisse d'Epargne de l'Etat<br>"BCEE"                   | 0<br>0,00%                            | 109,169<br>12,00%                          | 109,169<br>12,00%                    |
| Electrabel SA  | 42,800<br>4,71%                       | 0<br>0,00%                                 | 42,800<br>4,71%                      |
| RWE Energy Beteiligungsverwaltung Luxemburg Sàrl                 | 167,000<br>18,36%                     | -167,000<br>-18,36%                        | 0<br>0,00%                           |
| E.ON Beteiligungen GmbH  | 91,000<br>10,00%                      | -91,000<br>-10,00%                         | 0<br>0,00%                           |
| TOTAL  | 909,629<br>100,00%                    |  | 909,629<br>100,00%                   |

### Auditor

The mandate of the external independent statutory auditor, Pricewaterhousecoopers, Société coopérative, has been extended in 2015 for 2 additional years until the audit of the financial year 2016.

The Board of Directors

22<sup>nd</sup> April 2016



## 2. Consolidated Annual Accounts

## 2.1 Consolidated balance sheet as at 31<sup>st</sup> December 2015

Denominated in EUR

| ASSETS   |           |  | 31.12.2015           | 31.12.2014           |
|--|-----------|--|----------------------|----------------------|
|  |           |  | €                    | €                    |
| Goodwill   |           |  |                      |                      |
| Goodwill on first consolidation  | Note 4    |  | 52,820,390           | 59,083,316           |
| <b>Total Goodwill</b>  |           |  | <b>52,820,390</b>    | <b>59,083,316</b>    |
| Formation expenses   | Note 6    |  |                      |                      |
| Formation expenses   |           |  | 289,437              | 445,451              |
| <b>Total Formation expenses</b>  |           |  | <b>289,437</b>       | <b>445,451</b>       |
| Fixed assets   |           |  |                      |                      |
| Intangible fixed assets  | Note 7    |  |                      |                      |
| Concessions, patents, licences, trade marks and similar rights and assets, if they were                |           |  |                      |                      |
| a) acquired for valuable consideration   |           |  | 74,282,295           | 96,158,134           |
| Goodwill, to the extent that it was acquired for valuable consideration                                |           |  | 66,994,781           | 75,406,802           |
| Payments on account and intangible fixed assets under development                                      |           |  | 9,979,837            | 2,731,288            |
| Tangible fixed assets  | Note 8    |  |                      |                      |
| Land and buildings   |           |  | 196,750,093          | 154,920,393          |
| Plant and machinery  |           |  | 1,055,982,629        | 852,887,635          |
| Other fixtures and fittings, tools and equipment   |           |  | 40,664,014           | 30,979,546           |
| Payments on account and tangible fixed assets under development  |           |  | 136,775,129          | 281,724,163          |
| Financial fixed assets   |           |  |                      |                      |
| Companies consolidated under the equity method   | Note 9.1  |  | 109,150,407          | 117,445,995          |
| Investments carried at cost  | Note 9.2  |  | 85,733,462           | 68,809,756           |
| Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests |           |  | 23,736,097           | 28,566,580           |
| Securities and other financial instruments held as fixed assets  | Note 12   |  | 28,769,477           | 28,338,507           |
| Loans and claims held as fixed assets  |           |  | 515,019              | 12,711               |
| <b>Total Fixed Assets</b>  |           |  | <b>1,829,333,240</b> | <b>1,737,981,509</b> |
| Current assets   |           |  |                      |                      |
| Inventories  | Note 10   |  |                      |                      |
| Raw materials and consumables  |           |  | 21,681,076           | 18,537,279           |
| Work and contracts in progress   |           |  | 24,910,042           | 13,535,515           |
| Finished goods and merchandise   |           |  | 47,160,167           | 31,570,287           |
| Debtors  |           |  |                      |                      |
| Trade receivables  | Note 11.1 |  |                      |                      |
| a) becoming due and payable within one year  |           |  | 326,447,422          | 376,290,278          |
| b) becoming due and payable after more than one year   |           |  | 0                    | 0                    |
| Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests | Note 11.2 |  |                      |                      |
| a) becoming due and payable within one year  |           |  | 15,086,694           | 37,873,356           |
| b) becoming due and payable after more than one year   |           |  | 26,000               | 26,000               |
| Other receivables  | Note 11.3 |  |                      |                      |
| a) becoming due and payable within one year  |           |  | 73,904,629           | 77,776,239           |
| b) becoming due and payable after more than one year   |           |  | 758,842              | 631,875              |
| Deferred tax assets  | Note 11.4 |  | 4,023,857            | 6,905,769            |
| Transferable securities and other financial instruments  | Note 12   |  |                      |                      |
| Other transferable securities and other financial instruments  |           |  | 14,684,809           | 16,325,386           |
| Cash at bank, cash in postal cheque accounts, cheques and cash in hand                                 | Note 13   |  | 58,355,715           | 108,289,772          |
| <b>Total Current Assets</b>  |           |  | <b>587,239,255</b>   | <b>687,761,756</b>   |
| Prepayments  | Note 14   |  | 57,349,440           | 53,328,632           |
| <b>Total Assets</b>  |           |  | <b>2,527,031,762</b> | <b>2,538,600,664</b> |

## 2.1 Consolidated balance sheet as at 31<sup>st</sup> December 2015

Denominated in EUR

| LIABILITIES  |           | 31.12.2015           | 31.12.2014           |
|--|-----------|----------------------|----------------------|
|  |           | €                    | €                    |
| <b>Capital and reserves</b>  | Note 15   |                      |                      |
| Subscribed capital   |           | 90,962,900           | 90,962,900           |
| Share premium and similar premiums   |           | 387,028,449          | 387,028,449          |
| Consolidated reserves  |           | 382,822,211          | 457,259,773          |
| Profit or loss brought forward (Retained earnings)   |           | 57,493,537           | 2,494,831            |
| Capital investment subsidies   |           | 4,948,722            | 5,567,192            |
| Temporarily not taxable capital gains  |           | 179,284              | 0                    |
| <b>Consolidated result for the financial year, group share</b>   |           | <b>58,422,459</b>    | <b>5,794,026</b>     |
| <b>Total Capital and reserves, group share</b>   |           | <b>981,857,562</b>   | <b>949,107,171</b>   |
| <b>Minority interests</b>  |           | <b>225,685,737</b>   | <b>215,127,058</b>   |
| <b>Total Capital and reserves</b>  |           | <b>1,207,543,299</b> | <b>1,164,234,229</b> |
| <b>Provisions</b>  |           |                      |                      |
| Provisions for pensions and similar obligations  | Note 16.1 | 89,234,744           | 89,257,875           |
| Other provisions   | Note 16.2 | 89,025,018           | 96,847,302           |
| <b>Total Provisions</b>  |           | <b>178,259,762</b>   | <b>186,105,177</b>   |
| <b>Non subordinated debts</b>  |           |                      |                      |
| Debtenture loans   |           |                      |                      |
| b) Non convertible loans   | Note 17   |                      |                      |
| i) becoming due and payable within one year  |           | 5,683,222            | 5,418,307            |
| ii) becoming due and payable after more than one year  |           | 382,500,000          | 382,000,000          |
| Amounts owed to credit institutions  | Note 18   |                      |                      |
| a) becoming due and payable within one year  |           | 17,984,751           | 34,022,954           |
| b) becoming due and payable after more than one year   |           | 88,091,317           | 95,521,979           |
| Payments received on account of orders as far as they are not deducted distinctly from inventories     | Note 19   |                      |                      |
| a) becoming due and payable within one year  |           | 17,515,484           | 11,576,237           |
| Trade creditors  | Note 20   |                      |                      |
| a) becoming due and payable within one year  |           | 352,316,472          | 366,110,095          |
| b) becoming due and payable after more than one year   |           | 1,968,745            | 93,674               |
| Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests | Note 21   |                      |                      |
| a) becoming due and payable within one year  |           | 8,541,230            | 7,550,129            |
| Tax and social security debts  | Note 22   |                      |                      |
| a) Tax debts   |           | 46,636,704           | 59,960,382           |
| b) Social security debts   |           | 4,157,283            | 4,330,365            |
| Deferred tax liabilities   | Note 23   | 64,994,029           | 58,689,367           |
| Other creditors  | Note 24   |                      |                      |
| a) becoming due and payable within one year  |           | 22,355,701           | 10,824,164           |
| b) becoming due and payable after more than one year   |           | 106,874,299          | 116,669,333          |
| <b>Total Non subordinated debts</b>  |           | <b>1,119,619,237</b> | <b>1,152,767,005</b> |
| <b>Deferred income</b>   | Note 25   | <b>21,609,464</b>    | <b>35,494,253</b>    |
| <b>Total Liabilities</b>   |           | <b>2,527,031,762</b> | <b>2,538,600,664</b> |

2.2 Consolidated profit and loss account for the year ended  
31<sup>st</sup> December 2015 – legal presentation  
Denominated in EUR

| CHARGES  | Notes            | 31.12.2015<br>€      | 31.12.2014<br>€      |
|--|------------------|----------------------|----------------------|
| Use of merchandise, raw materials and consumable materials           | Note 26          | 1,947,557,663        | 2,171,578,054        |
| Other external charges   | Note 27          | 111,296,185          | 123,402,287          |
| Staff costs  | Note 28          |                      |                      |
| a) Salaries and wages  |                  | 119,758,306          | 115,567,538          |
| b) Social security on salaries and wages                             |                  | 14,970,512           | 13,983,438           |
| c) Supplementary pension costs                                       |                  | 12,123,712           | 13,109,306           |
| d) Other social costs  |                  | 199,840              | 169,180              |
| Value adjustments  |                  |                      |                      |
| a) on formation expenses and on tangible and intangible fixed assets | Notes 4, 6, 7, 8 | 120,065,878          | 134,448,400          |
| b) on current assets   |                  | 11,869,239           | 7,302,909            |
| Interest and other financial charges                                 |                  |                      |                      |
| b) other interest and similar financial charges                      | Note 31          | 23,952,139           | 18,748,760           |
| Extraordinary charges  | Note 33          | 7,445,885            | 48,808,149           |
| Income tax   | Note 34          | 23,524,080           | 13,690,856           |
| Other taxes not included in the previous caption                     |                  | 2,229,471            | 1,327,485            |
| Profit for the financial year  |                  |                      |                      |
| a) Group share   |                  | 58,422,459           | 5,794,026            |
| b) Minority interests  |                  | 22,207,518           | 20,736,943           |
| <b>Total Charges</b>   |                  | <b>2,475,622,887</b> | <b>2,688,667,331</b> |
| INCOME   | Notes            | 31.12.2015<br>€      | 31.12.2014<br>€      |
| Net turnover   | Note 29          | 2,389,491,708        | 2,584,934,206        |
| Fixed assets under development                                       | Note 1           | 34,382,148           | 37,019,365           |
| Reversal of value adjustments  |                  |                      |                      |
| b) on current assets   |                  | 1,614,189            | 4,824,266            |
| Other operating income   | Note 30          | 24,718,121           | 30,569,178           |
| Income from financial fixed assets                                   | Note 31          |                      |                      |
| b) other income from participating interests                         |                  | 8,287,157            | 6,822,867            |
| Other interest and other financial income                            | Note 31          |                      |                      |
| b) other interest and similar financial income                       |                  | 3,934,189            | 4,665,734            |
| Share in result of companies accounted for under the equity method   | Note 32          | 13,195,375           | 14,531,954           |
| Extraordinary income   |                  | 0                    | 5,299,761            |
| <b>Total Income</b>  |                  | <b>2,475,622,887</b> | <b>2,688,667,331</b> |

2.2 Consolidated profit and loss account for the year ended  
31<sup>st</sup> December 2015 - List presentation  
Denominated in EUR

|  | 31.12.2015         | 31.12.2014         |
|--|--------------------|--------------------|
|  | €                  | €                  |
| Sales  | 2,389,491,708      | 2,584,934,206      |
| Other operating income   | 17,211,452         | 13,994,613         |
| Own work capitalized   | 34,382,148         | 37,019,365         |
| Cost of sales  | (1,947,557,663)    | (2,171,578,053)    |
| Personnel expenses   | (147,052,368)      | (142,829,462)      |
| Other operating expenses                                       | (114,044,568)      | (109,306,367)      |
| <b>Ordinary operating profit (EBITDA)</b>                      | <b>232,430,709</b> | <b>212,234,302</b> |
| Depreciation   | (120,065,878)      | (134,448,400)      |
| <b>Operating profit (EBIT)</b>                                 | <b>112,364,831</b> | <b>77,785,902</b>  |
| Financial income   | 3,934,189          | 4,665,734          |
| Gains on disposals   | 0                  | 5,299,761          |
| Income from investments carried at cost                        | 8,287,157          | 6,822,867          |
| Share in result of companies accounted under the equity method | 13,195,375         | 14,531,954         |
| Financial expenses   | (31,398,024)       | (67,556,909)       |
| <b>Earnings before tax</b>                                     | <b>106,383,528</b> | <b>41,549,309</b>  |
| Current income tax   | (16,884,497)       | (13,258,784)       |
| Deferred income tax  | (8,869,055)        | (1,759,558)        |
| <b>Net profit for the year</b>                                 | <b>80,629,977</b>  | <b>26,530,967</b>  |
| Minority interests   | (22,207,518)       | (20,736,941)       |
| <b>Net profit for the year, group share</b>                    | <b>58,422,459</b>  | <b>5,794,026</b>   |



2.3 Consolidated cash flow statement for the year ended  
31<sup>st</sup> December 2015  
Denominated in EUR

|   | 31.12.2015           | 31.12.2014           |
|---|----------------------|----------------------|
|   | €                    | €                    |
| Result for the financial year, group share                                | 58,422,459           | 5,794,026            |
| + Minority interests  | 22,207,518           | 20,736,943           |
| + Amortization and depreciation   | 120,684,348          | 133,833,445          |
| - Capital gain on disposals   | 0                    | (5,299,761)          |
| + / - Change in provisions  | 108,470              | 65,226,872           |
| - Share in result of companies accounted under the equity method          | (13,195,375)         | (14,531,954)         |
| + Dividends received from companies accounted for under the equity method | 14,314,994           | 12,643,440           |
| + Current and deferred income taxes                                       | 25,753,552           | 15,018,341           |
| - Taxes paid  | (29,890,654)         | (63,361,572)         |
| - Increase / (+) Decrease in current assets                               | 42,045,146           | 126,324,414          |
| + Increase / (-) Decrease in current liabilities                          | (17,309,593)         | (16,003,014)         |
| <b>Operating cash flow</b>  | <b>223,140,865</b>   | <b>280,381,180</b>   |
| - Capital expenditures on intangible assets                               | (15,538,721)         | (8,102,702)          |
| - Capital expenditures on tangible assets                                 | (185,829,749)        | (208,867,500)        |
| - Impact of change in scope   | (411,941)            | (13,668,189)         |
| + Cash received from disposal of fixed assets                             | 1,537,655            | 6,484,822            |
| - Capital expenditures on financial assets                                | (19,567,668)         | (7,216,626)          |
| + Cash received from disposal of financial assets                         | 593,013              | 7,230,678            |
| + / - Change in loans to participations                                   | 2,405,993            | (4,952,509)          |
| <b>Cash flow from investing activities</b>                                | <b>(216,811,418)</b> | <b>(229,092,026)</b> |
| - Dividends paid to the group shareholders                                | (24,005,109)         | (49,119,966)         |
| - Dividends paid to the minorities of consolidated companies              | (10,884,326)         | (11,277,060)         |
| + Change in equity  | (310,695)            | (685,751)            |
| - Net change in financial liabilities                                     | (22,703,951)         | 71,585,540           |
| - Impact of change in scope on financial liabilities                      | 0                    | (7,329,343)          |
| <b>Cash Flow from financing activities</b>                                | <b>(57,904,081)</b>  | <b>3,173,420</b>     |
| <b>CHANGE IN CASH</b>   | <b>(51,574,634)</b>  | <b>54,462,575</b>    |
| Situation at the beginning of the year                                    | 124,615,158          | 70,152,583           |
| Situation at the end of the year  | 73,040,524           | 124,615,158          |

## 2.4 Notes to the consolidated annual accounts

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## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 1 – Summary of significant accounting principles****Basis of preparation**

The consolidated annual accounts of Enovos International S.A. (the "Company"), together with its subsidiaries, (the "group") have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the amended Law of 19<sup>th</sup> December 2002, determined and applied by the Board of Directors.

The preparation of consolidated annual accounts requires the use of certain important accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the consolidated annual accounts therefore present the financial position and results fairly.

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Scope of consolidation**

The consolidated annual accounts include those of Enovos International S.A. and those of its affiliates, including jointly controlled entities, and its associated companies. Together they form the group. The consolidated companies are listed in Note 5, "Scope of consolidation and list of consolidated companies".

All consolidated companies prepare their statutory annual accounts as at 31<sup>st</sup> December.

**Significant accounting policies**

The main valuation rules applied by the group are the following:

**Consolidation methods**

The methods used are:

- Full consolidation in the case of those companies that the Enovos Group directly or indirectly controls (generally with more than 50% of the voting rights). With this method, the assets and liabilities of the consolidated companies are incorporated into the consolidated accounts, rather than the book value of the equity interests held by the group in the companies concerned. Use of this method leads to goodwill on consolidation and minority interests being reported. Similarly, the income and expenses of these subsidiaries are consolidated with those of the parent company and their results for the financial year are apportioned between the group and the minority interests. Intercompany accounts and transactions are eliminated;
- The equity method in the case of those companies over which the Enovos Group exercises either joint control with a limited number of associates or significant influence. With this method, the parent company's share of its affiliate's equity, based on its equity interest, is entered in its balance sheet, rather than the acquisition cost of the equity holding itself. The difference thus generated is posted to group capital and reserves. The dividends received by the respective parent company are eliminated. The other balance sheet and income statement items are not affected and intercompany accounts and transactions are not eliminated;
- Goodwill on consolidation is calculated at the time of acquisition or consolidation of an equity interest. Goodwill on first consolidation represents the excess of the acquisition price over the group's interest share in the equity of the acquired entity. Negative goodwill is accounted for in profit and loss or in provisions if it relates to anticipated future losses. Positive goodwill is recorded as an asset and depreciated over 15 years, unless a different amortisation period is justified. The 15 years are based on the expected economic life of the underlying assets. The positive and negative goodwills resulting from the restructuring process in 2009 have been by exception recorded in 2009 against the consolidated reserves in shareholder's equity;
- If the Board of Directors considers that an impairment must be recognized on goodwill on consolidated entities, a corresponding value adjustment is posted.

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 1 – Summary of significant accounting principles (cont.)

**Foreign currency translation**

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Formation expenses and long-term assets expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date, exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account and the net unrealised exchange gains are not recognised.

All group companies use EUR as their functional currency.

**Formation expenses**

Formation expenses are written off on a straight-line basis over a period of 5 years.

**Intangible fixed assets**

Intangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost, less cumulated depreciation amounts written off.

The depreciation rates and methods applied are as follows:

|   | Depreciation rate | Depreciation method |
|---|-------------------|---------------------|
| Concessions, patents, licences, trade marks and similar rights and assets | 4% - 33.33%       | Straight-line       |
| Goodwill, to extent that it was acquired for valuable consideration       | 6,67% - 20%       | Straight-line       |

Where the group considers that an intangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

**Tangible fixed assets**

Tangible fixed assets are valued at purchase price including the expenses incidental thereto or at production cost.

The acquisition price is made up of the purchase price, including customs due and non-refundable taxes, after deduction of commercial discounts and rebates, and any cost directly attributable to the asset's transfer to its place of operation and any adaptation needed for its operation.

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 1 – Summary of significant accounting principles (cont.)**

Depreciation is recorded on the basis of an asset's useful life under the straight line method. The estimated useful lives of the main components of tangible fixed assets are as follows:

|  | Depreciation rate | Depreciation method |
|--|-------------------|---------------------|
| Buildings  | 2% - 10%          | Straight-line       |
| Plant and machinery                              | 2% - 10%          | Straight-line       |
| Other fixtures and fittings, tools and equipment | 10% - 33,33%      | Straight-line       |

For the grid assets in Luxembourg, when a part of grid assets is to be replaced and cannot be separately identified, no disposal of assets is accounted for and the replaced assets continue to be depreciated with normal rates. This accounting principle has been agreed with the Regulator for the determination of grid tariffs.

Where the group considers that a tangible fixed asset has suffered a durable depreciation in value, an additional write-down is recorded to reflect this loss. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Tangible fixed assets under development are valued at cost, based on the direct and indirect costs of the group and are reviewed for impairment annually.

The costs incurred on fixed assets under development created by the group itself are recorded in the profit and loss account under caption "Fixed assets under development" during the year and are transferred at balance sheet date to the appropriate balance sheet caption.

**Investments carried at cost and securities held as fixed assets**

Investments carried at cost and not consolidated in these accounts are recorded in the balance sheet at their acquisition cost including the expenses incidental thereto. In the case of an impairment that the Board of Directors considers as permanent in nature, value adjustments are made in respect to these long-term investments to apply the lower value to be assigned to them at the balance sheet date. These value adjustments are not maintained when the reasons for making them have ceased to exist.

Securities held as fixed assets are classified as long-term financial assets if they are not available for sale. A value adjustment is recorded where the market value is lower than the purchase price.

**Inventories of raw materials and consumables**

Raw materials and consumables are valued at the lower of purchase price calculated on the basis of weighted average cost and market value. Value adjustments are recorded when the estimated realisable value of stocks is lower than the weighted average cost. Their value adjustments are not maintained if the reasons for recording them have ceased to exist.

**Inventories of finished goods and work and contracts in progress**

Inventories of finished goods and work and contracts in progress are valued at the lower of production cost including the purchase price of the raw materials and consumables, the costs directly attributable to the product/contract in question and a proportion of the costs indirectly attributable to the product/contract in question, and market value. A value adjustment is recorded where the market value is below the production cost. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

**Debtors**

Debtors are recorded at their nominal value. Value adjustments are recorded when there is a risk that all or part of the amounts concerned may not be recovered. These value adjustments are not maintained if the reasons for recording them have ceased to exist.



## 2.4 Notes to the consolidated annual accounts (cont.)

### Note 1 – Summary of significant accounting principles (cont.)

#### Transferable securities

Transferable securities are valued at their purchase price, including expenses incidental thereto, expressed in the currency in which the annual accounts are prepared. A value adjustment is recorded where the market value is lower than the purchase price. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to the latest available quote on the valuation day for investments listed on a stock exchange or traded on another regulated market.

For non-listed securities or for securities where the last quote is not representative the market value corresponds to the probable realisation value estimated with due care and in good faith by the Board of Directors.

#### Derivative financial instruments

The group may enter into derivative financial instruments such as options, swaps, futures or foreign exchange contracts. The group records initially derivative financial instruments at cost.

At each balance sheet date, unrealised losses are recognised in the profit and loss account whereas gains are accounted for when realised. In the case of hedging of an asset or a liability which is not recorded at fair value, unrealised gains or losses are deferred until the recognition of the realised gains or losses on the hedged item.

#### Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

#### Provisions

The aim of provisions is to cover clearly defined charges and liabilities, which, on the balance sheet date, are either probable or certain but for which the amount or date of occurrence cannot be determined with certainty. A review is carried out at year-end to determine the provisions to be recorded for the group's liabilities and charges. Provisions recorded in previous years are reviewed annually and those no longer needed are released.

Provisions may also be created to cover charges which originate in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

#### Provisions for pensions and similar obligations

Different group companies offer their employees a defined benefit plan and a defined contribution plan. Those plans are provided for based on acceptable principles in the different countries of the group companies.

#### Defined benefit plan

A defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to historical evolution of long term interest rates.

Actuarial gains and losses are charged or credited in the profit or loss in the period in which they arise.

Past-service costs are recognized immediately in the profit or loss.

#### Defined contribution plan

A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions paid are directly registered in the profit and loss during the year they are paid. The commitment of the group is limited to the contributions that the group agreed to pay into the fund on behalf of its employees.

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 1 – Summary of significant accounting principles (cont.)****Non subordinated debts**

Debts are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is recorded in the profit and loss account when the debt is issued. All fixed costs related to setting up the facilities are depreciated over the duration of the loan.

**Deferred income**

This liability item includes income received during the financial year but relating to a subsequent financial year.

**Current and deferred income tax**

Provisions for current income tax include the current taxes charged. Deferred taxes are recorded on the temporary differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Active deferred taxes are recorded only if it is likely that future taxable profits will be available.

**Net turnover**

Net turnover relates to transportation and distribution of electricity and gas, sales of gas and electricity, cogeneration provided as well as related services as part of the group's ordinary activities, net of discounts, value-added tax and other taxes directly linked to sales.

In energy supply, revenue is recognised at the time of physical delivery except for supplies of electricity and gas to residential and commercial customers from Enovos Luxembourg S.A. and Leo S.A. for which revenue recognition is based on five respectively eleven flat-rate advance payments and one detailed account following meter reading as invoiced annually.

**Other operating income**

Other operating income comprises all income only indirectly linked to usual business activities.

**Income from financial fixed assets**

Dividend income is recorded when dividends are paid.

**Note 2 – Creation of the Enovos Group**

Enovos International S.A. was incorporated under the name of Soteg S.A. in Luxembourg on 5<sup>th</sup> February 1974. The Company is registered under RCS nr. B11723. In the context of the below described operations, the Company has been renamed Enovos International S.A. in 2009. The registered office of the Company is established in Esch-sur-Alzette.

As of 23<sup>rd</sup> January 2009, the shareholders of Cegedel S.A. and Saar Ferngas AG contributed their respective shares into Soteg S.A.. Soteg S.A. then launched a mandatory public offer on all Cegedel S.A. shares not yet in its possession and Cegedel S.A. was delisted after a successful squeeze-out process. A process of restructuring took place thereafter and resulted in a new energy group named Enovos consisting of the parent company, Enovos International S.A. (formerly Soteg S.A.) and its two main subsidiaries, Creos Luxembourg S.A. (formerly Cegedel S.A.) in charge of grid activities and Enovos Luxembourg S.A. (formerly Cegedel Participations S.A.) dealing with energy generation, sales and trading activities. This restructuring has been made with retroactive effect as of 1<sup>st</sup> January 2009. Enovos Luxembourg S.A. has a subsidiary, Enovos Deutschland SE, (former Enovos Deutschland AG), for the German market and Creos Luxembourg S.A. has a subsidiary, Creos Deutschland Holding GmbH (former Creos Deutschland GmbH), for the German grid.

In the context of this restructuring, former Cegedel S.A. and Soteg S.A. sales activities were contributed to Enovos Luxembourg S.A. against issuing new shares. Enovos Luxembourg S.A. acquired 86.2% of Enovos Deutschland SE (former Enovos Deutschland AG). Cegedel Participations S.A. was sold to Soteg S.A. and the former Cegedel S.A. sales activity has been contributed to Enovos Luxembourg S.A. in exchange for shares. Former Soteg S.A. grid activities have been contributed to Creos Luxembourg S.A. in exchange for shares.

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 3 – Authorisations

Following the two European directives 2009/72 and 73 of 13<sup>th</sup> July 2009 concerning common rules for the internal markets in electricity and natural gas, and the laws that transposed these directives into national laws, namely the Laws of 7<sup>th</sup> August 2012, regarding the organization of the electricity and natural gas markets, transport and distribution grid management activities have been legally separated from the other activities of generation and sale of electricity and gas.

## Note 4 – Goodwill on first consolidation

Goodwill on acquisitions is recognised on the asset side and is depreciated over a period of 15 years. As of 31<sup>st</sup> December 2015, the group has recognised goodwill on the following acquisitions (see also note 5):

|  | Date of first consolidation | 31/12/2015<br>Goodwill<br>Gross value<br>€ | 31/12/2015<br>Goodwill<br>Net value<br>€ | 31/12/2014<br>Goodwill<br>Gross value<br>€ | 31/12/2014<br>Goodwill<br>Net value<br>€ |
|--|-----------------------------|--|--|--|--|
| Energiepark Trelder Berg GmbH                  | 1st January 2010            | 11,911,481                                 | 0  | 11,898,283                                 | 0  |
| Surré S.A.                                     | 1st January 2010            | 989,661                                    | 593,796                                  | 989,661                                    | 659,775                                  |
| Enovos Luxembourg S.A. (Luxgas S.à r.l.)       | 1st May 2010                | 14,871,586                                 | 9,253,431                                | 14,871,586                                 | 10,244,871                               |
| Creos Luxembourg S.A.                          | 1st May 2010                | 9,285,305                                  | 5,777,524                                | 9,285,305                                  | 6,396,545                                |
| La Benâte Energies S.à r.l.                    | 1st July 2010               | 1,771,954                                  | 0  | 1,771,954                                  | 1,240,368                                |
| Enovos Solar Investment I S.r.l. Unipersonale  | 1st October 2010            | 805,849                                    | 0  | 805,849                                    | 0  |
| Enovos Solar Investment II S.r.l. Unipersonale | 1st November 2010           | 3,035,199                                  | 0  | 3,035,199                                  | 0  |
| Enovos Energie Deutschland GmbH                | 1st January 2011            | 7,296,109                                  | 4,864,073                                | 7,221,109                                  | 5,295,480                                |
| Leo S.A.                                       | 6th January 2011            | 21,157,085                                 | 14,104,724                               | 21,157,085                                 | 15,515,196                               |
| Ferme Eolienne de la Côte du Gibet S.à r.l.    | 2nd November 2011           | 51,800                                     | 35,109                                   | 51,800                                     | 38,562                                   |
| Biogas Ohretal GmbH                            | 1st January 2012            | 5,131,075                                  | 3,762,788                                | 5,131,075                                  | 4,104,860                                |
| ESW Energie Südwest AG                         | 1st January 2012            | 2,205,965                                  | 1,654,474                                | 2,205,965                                  | 1,801,538                                |
| Enovos Deutschland SE                          | 20th September 2012         | 1,992,075                                  | 1,593,660                                | 1,992,075                                  | 1,726,465                                |
| Creos Deutschland Holding GmbH                 | 1st January 2013            | 689,966                                    | 562,793                                  | 689,966                                    | 608,790                                  |
| PNE Biogas Oebisfelde GmbH                     | 8th February 2013           | 7,153,792                                  | 5,723,034                                | 7,153,792                                  | 6,199,953                                |
| NPG Energy Group                               | 15th January 2013           | 6,015,427                                  | 4,894,984                                | 5,915,328                                  | 5,195,913                                |
|  |                             | <b>94,364,329</b>                          | <b>52,820,390</b>                        | <b>94,051,032</b>                          | <b>59,083,316</b>                        |

Value adjustments have been recorded using a straight line depreciation method:

|   | 31/12/2015<br>€     | 31/12/2014<br>€     |
|---|---------------------|---------------------|
| <b>Gross book value - opening balance</b>             | <b>94,051,032</b>   | <b>92,865,884</b>   |
| Additions for the year                                | 213,197             | 1,185,148           |
| Transfers for the year                                | 100,099             | 0                   |
| <b>Gross book value - closing balance</b>             | <b>94,364,328</b>   | <b>94,051,032</b>   |
| <b>Accumulated value adjustment - opening balance</b> | <b>(34,967,716)</b> | <b>(18,122,506)</b> |
| Allocations for the year                              | (5,240,787)         | (6,276,741)         |
| Exceptional depreciation for the year                 | (1,335,435)         | (10,568,469)        |
| <b>Accumulated value adjustment - closing balance</b> | <b>(41,543,938)</b> | <b>(34,967,716)</b> |
| <b>Net book value - closing balance</b>               | <b>52,820,390</b>   | <b>59,083,316</b>   |

The additions of the year concern Energiepark Trelderberg GmbH following the acquisition of additional 20% of the shares in that company. The goodwill has been completely depreciated.

Furthermore, as a consequence of the annual impairment testing, the Board of Directors decided to depreciate the remaining goodwill of La Benâte Energies S.à r.l. by EUR 1,122,238.

In 2015, a negative goodwill of EUR 100,099 concerning an affiliate of NPG Energy Group has been transferred to equity.

The Board of Directors is of the opinion that no further value adjustments are necessary.

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 5 – Scope of consolidation and list of consolidated companies**

The consolidation scope is as follows as at 31<sup>st</sup> December 2015:

**Fully consolidated group companies:**

| Name   | Country    | Percentage of control | Percentage of interest | Main activity  |
|--|------------|-----------------------|------------------------|--|
| Enovos International S.A.                      | Luxembourg | 100.00%               | 100.00%                | Holding company and shared service provider              |
| Enovos Luxembourg S.A.                         | Luxembourg | 100.00%               | 100.00%                | Supply of power and gas                                  |
| Creos Luxembourg S.A.                          | Luxembourg | 75.47%                | 75.47%                 | Transport and distribution of gas                        |
| Enovos Re S.A.                                 | Luxembourg | 100.00%               | 100.00%                | Reinsurance  |
| Luxenergie S.A.                                | Luxembourg | 60.35%                | 60.35%                 | Production of heat and power                             |
| Surré S.A.                                     | Luxembourg | 100.00%               | 60.35%                 | Production of heat and power                             |
| Windpark Mosberg GmbH & Co KG                  | Germany    | 100.00%               | 100.00%                | Production of power                                      |
| Enovos Deutschland SE                          | Germany    | 100.00%               | 100.00%                | Holding company and shared service provider              |
| Enovos Energie Deutschland GmbH                | Germany    | 100.00%               | 100.00%                | Supply of power and gas                                  |
| Enovos Future GmbH                             | Germany    | 100.00%               | 100.00%                | Facility management                                      |
| Enovos Properties GmbH                         | Germany    | 100.00%               | 100.00%                | Real estate  |
| Enovos Storage GmbH                            | Germany    | 100.00%               | 100.00%                | Gas Storage  |
| Enovos Renewables GmbH                         | Germany    | 100.00%               | 100.00%                | Holding company for power producers                      |
| Enovos Power GmbH                              | Germany    | 100.00%               | 100.00%                | Supply of power  |
| Energie Südpfalz Shared Service GmbH           | Germany    | 64.00%                | 32.64%                 | Service provider   |
| Creos Deutschland Holding GmbH                 | Germany    | 98.03%                | 73.70%                 | Holding company and shared service provider              |
| Creos Deutschland GmbH                         | Germany    | 100.00%               | 73.70%                 | Transport and distribution of gas                        |
| Creos Deutschland Services GmbH                | Germany    | 100.00%               | 73.70%                 | Service provider   |
| Energie Südwest AG                             | Germany    | 51.00%                | 51.00%                 | Supply of power, gas and heat                            |
| Energie Südwest Netz GmbH                      | Germany    | 100.00%               | 51.00%                 | Transport and distribution of gas, power, water and heat |
| Energie Südwest Projektentwicklung GmbH        | Germany    | 100.00%               | 51.00%                 | Supply of heat / Provider of services in gas and power   |
| Energiepark Trelder Berg GmbH                  | Germany    | 100.00%               | 100.00%                | Production of power                                      |
| La Benête Energies S.à r.l.                    | France     | 100.00%               | 100.00%                | Production of power                                      |
| Enovos Solar Investment I S.r.l. Unipersonale  | Italy      | 100.00%               | 100.00%                | Production of power                                      |
| Enovos Solar Investment II S.r.l. Unipersonale | Italy      | 100.00%               | 100.00%                | Production of power                                      |
| Leo S.A.                                       | Luxembourg | 100.00%               | 100.00%                | Supply of power and gas                                  |
| Ferme Eolienne de la Côte du Gibet S.à r.l.    | France     | 100.00%               | 100.00%                | Production of power                                      |
| Real Estate Strassen S.A.                      | Luxembourg | 100.00%               | 100.00%                | Real estate  |
| PNE Biogas Ohretal GmbH                        | Germany    | 80.00%                | 80.00%                 | Production of power                                      |
| Solarkraftwerk Frauental GmbH                  | Germany    | 90.40%                | 53.75%                 | Production of power                                      |
| PNE Biogas Oebisfelde GmbH                     | Germany    | 80.00%                | 80.00%                 | Production of power                                      |
| Real Estate Enovos Esch S.A.                   | Luxembourg | 100.00%               | 100.00%                | Real estate  |
| Enovos Real Estate Luxembourg S.A.             | Luxembourg | 100.00%               | 100.00%                | Holding company  |
| NPG Energy Group                               | Belgium    | 50.98%                | 50.98%                 | Production of heat and power                             |

In 2015, Enovos Luxembourg S.A. bought the remaining 20% of shares of Energiepark Trelder Berg GmbH from its partner Pure Nature Energy GmbH for an amount of EUR 1. A goodwill of EUR 213,198 was recognized on that operation and completely depreciated during the year.

On 22<sup>nd</sup> November 2013, EnergieSüdwest AG, a subsidiary of Enovos Deutschland SE, founded together with Stadtwerke Annweiler, Stadtwerke Bad Bergzabern and Stadtwerke Herxheim a common service company, Energie Südpfalz Shared Services GmbH. In 2015, the company has been integrated into the consolidation scope.

On 12<sup>th</sup> June 2015 Enovos Deutschland SE bought the company Repower Vertrieb GmbH for an amount of EUR 792,002 and subsequently merged the company with Enovos Power GmbH. On 1<sup>st</sup> September 2015 the new company has been integrated into the consolidation scope. A negative goodwill of EUR 263,936 has been generated by that operation.

Enovos Balance Deutschland GmbH has been merged with Enovos Energie Deutschland GmbH. The remaining goodwill of EUR 75,000 has been transferred to the latter.



## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 5 – Scope of consolidation and list of consolidated companies (cont.)

## Companies consolidated under the equity method:

| Name                             | Country    | Percentage of control | Percentage of interest | Main activity                |
|----------------------------------|------------|-----------------------|------------------------|------------------------------|
| Global Facilities S.A.           | Luxembourg | 50.00%                | 50.00%                 | Facility management          |
| Steinergy S.A.                   | Luxembourg | 50.00%                | 50.00%                 | Supply of power              |
| Soler S.A.                       | Luxembourg | 50.00%                | 50.00%                 | Production of power          |
| Cegyco S.A.                      | Luxembourg | 50.00%                | 50.00%                 | Production of power          |
| Artelis S.A.                     | Luxembourg | 36.95%                | 36.95%                 | Telecommunications           |
| Nordenergie S.A.                 | Luxembourg | 33.33%                | 33.33%                 | Supply of power              |
| Airportenergie S.A.              | Luxembourg | 50.00%                | 30.18%                 | Production of heat and power |
| Datacenterenergie S.A.           | Luxembourg | 50.00%                | 30.18%                 | Production of heat and power |
| Twiner S.A.                      | Luxembourg | 17.50%                | 17.50%                 | Production of power          |
| Aveleos S.A.                     | Luxembourg | 59.02%                | 59.02%                 | Construction of solar parks  |
| Kiowatt S.A.                     | Luxembourg | 50.00%                | 30.18%                 | Production of power          |
| Pfalzgas GmbH                    | Germany    | 50.00%                | 50.00%                 | Supply of energy             |
| Projecta 14 GmbH                 | Germany    | 50.00%                | 36.85%                 | Holding company              |
| Energis GmbH                     | Germany    | 28.06%                | 28.06%                 | Supply of energy             |
| Windpark Wremen GmbH & Co. KG    | Germany    | 40.00%                | 30.20%                 | Production of power          |
| Solkraftwerk Ahorn GmbH & Co. KG | Germany    | 39.00%                | 27.29%                 | Production of power          |
| Suncoutim - Solar Energy S.A.    | Portugal   | 34.09%                | 34.09%                 | Production of power          |

For Twiner S.A., where less than 20% of voting rights are held, the Enovos Group exercises significant influence by virtue of its representation in the Board of Directors and the strategic interest that the activities represent for the group.

In 2015, the shares of Projecta 14 GmbH have been transferred from Enovos Deutschland SE to Creos Deutschland Holding GmbH for an amount of EUR 18,065,500 to which transaction fees of EUR 992 have been added. As a consequence the percentage of interest decreases from 50% to 36.85%.

## Note 6 – Formation expenses and similar expenses

Formation expenses comprise expenses incurred in the course of the creation of the company.

Movements of the year are as follows:

|   | Total 2015       | Total 2014       |
|---|------------------|------------------|
|   | €                | €                |
| Gross book value - opening balance                    | 774,820          | 657,066          |
| Additions for the year                                | 0                | 592              |
| Disposals for the year                                | 0                | (116,657)        |
| Transfers for the year                                | (52,203)         | 233,819          |
| <b>Gross book value - closing balance</b>             | <b>722,617</b>   | <b>774,820</b>   |
| Accumulated value adjustment - opening balance        | (329,369)        | (86,321)         |
| Allocations for the year                              | (125,235)        | (125,548)        |
| Reversals for the year                                | 0                | 79,910           |
| Transfers for the year                                | 21,424           | (197,410)        |
| <b>Accumulated value adjustment - closing balance</b> | <b>(433,180)</b> | <b>(329,369)</b> |
| <b>Net book value - closing balance</b>               | <b>289,437</b>   | <b>445,451</b>   |

The Board of Directors considers that no further value adjustments are needed as of 31<sup>st</sup> December 2015.



## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 7 – Intangible fixed assets

Movements for the year are as follows:

|  | Concessions,<br>patents, licences,<br>trademarks and<br>similar rights and<br>assets | Goodwill acquired<br>for valuable<br>consideration | Payments on account<br>and intangible fixed<br>assets under<br>development | Total 2015           | Total 2014           |
|--|--|--|--|----------------------|----------------------|
|  | €  | €  | €  | €                    | €                    |
| <b>Gross book value - opening balance</b>              | 161,461,503  | 125,800,637  | 4,510,281  | 291,772,420          | 283,297,450          |
| Additions for the year                                 | 4,394,893  | 4,863  | 11,128,087   | 15,527,844           | 8,144,647            |
| Disposals for the year                                 | (732,161)  | 0  | 0  | (732,161)            | (786,104)            |
| Transfers for the year                                 | 4,277,403  | 0  | (3,879,536)  | 397,865              | 536,074              |
| Change in consolidation scope                          | 102,535  | 0  | 0  | 102,535              | 580,353              |
| <b>Gross book value - closing balance</b>              | <b>169,504,173</b>   | <b>125,805,500</b>                                 | <b>11,758,830</b>  | <b>307,068,503</b>   | <b>291,772,420</b>   |
| <b>Accumulated value adjustments - opening balance</b> | (65,303,369)   | (50,393,835)                                       | (1,778,993)  | (117,476,197)        | (86,390,782)         |
| Allocations for the year                               | (11,205,914)   | (8,416,884)  |  | (19,622,798)         | (18,726,114)         |
| Exceptional depreciation for the year                  | (19,000,000)   |  |  | (19,000,000)         | (14,000,000)         |
| Reversals for the year                                 | 585,114  | 0  |  | 585,114              | 0                    |
| Transfers for the year                                 | (317,351)  | 0  |  | (317,351)            | (77,399)             |
| Change in consolidation scope                          | 19,642   | 0  |  | 19,642               | (281,902)            |
| <b>Accumulated value adjustment - closing balance</b>  | <b>(95,221,878)</b>  | <b>(58,810,719)</b>                                | <b>(1,778,993)</b>   | <b>(155,811,590)</b> | <b>(117,476,197)</b> |
| <b>Net book value - closing balance</b>                | <b>74,282,295</b>  | <b>66,994,781</b>                                  | <b>9,979,837</b>   | <b>151,256,913</b>   | <b>174,296,223</b>   |

On 1<sup>st</sup> January 2013, Enovos Luxembourg S.A. started buying a flat base load of 50 MW power from two pulverised coal-fired power plants, under the terms and conditions of a long-term contract signed with RWE. Its share of financing the plants of EUR 89,466,245 has been fully paid up and is depreciated over a period of 25 years, which corresponds to the duration of the commitment. Owing to a new assessment of the profitability of the contract in the context of the Company's impairment-testing process, the Board of Directors decided to recognise an exceptional depreciation of EUR 19,000,000 in 2015, adding to the exceptional depreciation of EUR 14,000,000 already recognised in 2014.

The additions for the year of EUR 15,527,844 mainly concern software investments related to the required separation of the billing systems of Creos S.A., LEO S.A. and Enovos Luxembourg S.A., as well as investments in new software tools by Creos Luxembourg S.A.. EUR 1,537,104 are related to the purchase of commercial contracts by Enovos Future GmbH.

The change in scope is due to the first consolidation of an affiliate of Energie Südwest AG, Energie Südpfalz Shared Service GmbH.

The Board of Directors is further of the opinion that no other value adjustments of the intangible fixed assets are necessary.

## Note 8 – Tangible fixed assets

Movements for the year are as follows:

|   | Land and<br>buildings | Plant and machinery    | Other fixtures and<br>fittings, tools and<br>equipment | Payments on<br>account and tangible<br>fixed assets under<br>development | Total 2015             | Total 2014             |
|---|-----------------------|------------------------|--|--|------------------------|------------------------|
|   | €                     | €                      | €  | €  | €                      | €                      |
| <b>Gross book value - opening balance</b>             | 228,839,693           | 1,929,592,280          | 102,995,981  | 281,724,163  | 2,543,152,117          | 2,331,713,016          |
| Additions for the year                                | 28,106,388            | 26,158,635             | 5,648,275  | 132,355,103  | 192,268,401            | 206,390,147            |
| Disposals for the year                                | (355,606)             | (511,842)              | (1,215,459)  | (412,110)  | (2,495,017)            | (9,798,726)            |
| Transfers for the year                                | 22,114,844            | 234,550,387            | 12,820,592   | (276,892,027)  | (7,406,204)            | 1,073,921              |
| Change in consolidation scope                         | 0                     | 0                      | 1,468  | 0  | 1,468                  | 13,773,758             |
| <b>Gross book value - closing balance</b>             | <b>278,705,319</b>    | <b>2,189,789,460</b>   | <b>120,250,857</b>                                     | <b>136,775,129</b>   | <b>2,725,520,765</b>   | <b>2,543,152,116</b>   |
| <b>Accumulated value adjustment - opening balance</b> | (73,919,300)          | (1,076,704,645)        | (72,016,435)   | 0  | (1,222,640,380)        | (1,139,418,817)        |
| Allocations for the year                              | (8,079,254)           | (57,588,380)           | (9,058,394)  | 0  | (74,726,028)           | (73,065,677)           |
| Exceptional depreciation for the year                 | 0                     | 0                      | 0  | 0  | 0                      | (13,570,589)           |
| Reversals for the year                                | 43,328                | 118,050                | 943,030  | 0  | 1,104,408              | 3,530,925              |
| Transfers for the year                                | 0                     | 368,144                | 544,956  | 0  | 913,100                | 1,358,632              |
| Change in consolidation scope                         | 0                     | 0                      | 0  | 0  | 0                      | (1,472,853)            |
| <b>Accumulated value adjustment - closing balance</b> | <b>(81,955,226)</b>   | <b>(1,133,806,831)</b> | <b>(79,586,843)</b>                                    | <b>0</b>   | <b>(1,295,348,900)</b> | <b>(1,222,640,379)</b> |
| <b>Net book value - closing balance</b>               | <b>196,750,093</b>    | <b>1,055,982,629</b>   | <b>40,664,014</b>                                      | <b>136,775,129</b>   | <b>1,430,171,865</b>   | <b>1,320,511,737</b>   |

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 8 – Tangible fixed assets (cont.)**

The additions consist mainly of investments in the gas and electricity grid in Luxembourg and in Germany, as well as into renewable energy generation capacity in Germany and Belgium.

Creos Luxembourg S.A. acquired a plot of land from the City of Luxembourg for EUR 24,436,545 for the construction of its planned new headquarter and centre.

Enovos Luxembourg S.A. has participated in the construction of the 11<sup>th</sup> turbine at the Vianden pumping station of SEO (see also note 24). This investment qualifies as a finance lease and consequently has been recorded in the books of Enovos Luxembourg S.A.. Production at the pumping station has started on 1<sup>st</sup> August 2015, so an amount of EUR 109.701.439 out of an total investment of EUR 111.798.438 has been transferred from the caption "Payments on account and tangible fixed assets under development" into the caption "Plant and machinery". The depreciation period mirrors the duration of the contract, which ends in 2063. A corresponding amount of the finance obligation of EUR 87,885,000 is posted under the heading "Other creditors becoming due and payable after more than one year" and EUR 11,320,612 is posted under the heading "Other creditors becoming due and payable within one year".

The Board of Directors is of the opinion that no further value adjustments of tangible fixed assets are necessary.

**Note 9 – Financial fixed assets****9.1. Companies consolidated under the equity method**

Companies consolidated under the equity method are companies in which the group has a significant influence. The undertakings consolidated accordingly break down as follows:

|                                | 31/12/2015         | 31/12/2014         |
|--------------------------------|--------------------|--------------------|
|                                | €                  | €                  |
| Energis GmbH                   | 38,429,832         | 39,822,433         |
| Pfalzgas GmbH                  | 21,203,236         | 21,154,501         |
| Artelis S.A.                   | 14,562,371         | 14,118,109         |
| Projecta 14 GmbH               | 13,877,867         | 19,235,444         |
| Soler S.A.                     | 5,610,617          | 4,027,051          |
| Kiowatt S.A.                   | 3,378,124          | 1,736,102          |
| Datacenterenergie S.A.         | 3,377,597          | 2,902,667          |
| Cegyco S.A.                    | 2,268,121          | 1,633,290          |
| Suncoutim - Solar Energy, S.A. | 1,371,358          | 1,333,669          |
| Global Facilities S.A.         | 1,321,834          | 1,326,880          |
| SK Ahorn GmbH & Co. KG         | 1,296,913          | 1,464,098          |
| Windpark Wremen GmbH & Co. KG  | 970,386            | 1,222,789          |
| NPG Willebroek NV              | 612,687            | 671,884            |
| Nordenergie S.A.               | 433,348            | 344,396            |
| Steinergy S.A.                 | 233,864            | 195,442            |
| Airportenergy S.A.             | 202,252            | 98,282             |
| Twinerg S.A.                   | 0                  | 6,158,959          |
| Aveleos S.A.                   | 0                  | 0                  |
|                                | <b>109,150,407</b> | <b>117,445,995</b> |

The participation of Enovos Deutschland SE in Projecta 14 GmbH has been transferred to Creos Deutschland Holding GmbH (see also note 5). Due to the lower percentage of interest by the Group in the latter, the relative value in the equity of Projecta 14 decreases by EUR 4,763,588, excluding earnings and elimination of dividends.

In the context of the annual impairment testing, the Board of Directors decided to completely depreciate the financial assets of Twinerg S.A. by an amount of EUR 5,001,395 (see also note 33).

The financial assets of Aveleos S.A. have been fully depreciated in 2014.

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 9 – Financial fixed assets (cont.)

## 9.2. Investments carried at cost

Investments carried at cost are recorded at acquisition cost. This caption also includes companies which are not consolidated because of minor significance or for which the activities have not yet started as at 31<sup>st</sup> December 2015:

| Name  | Location    | 2015             |                   | 2014             |                   |
|---|-------------|------------------|-------------------|------------------|-------------------|
|   |             | Percentage owned | Net value €       | Percentage owned | Net value €       |
| Stadwerke Bad Kreuznach GmbH  | Germany     | 24.52%           | 15,000,000        | 24.52%           | 15,000,000        |
| Vialis S.A. d'économie mixte locale   | France      | 10.00%           | 11,100,000        | 0.00%            | 0                 |
| Stadwerke Pirmasens Versorgungs GmbH  | Germany     | 12.99%           | 6,667,000         | 12.99%           | 6,667,000         |
| Neustromland Energieprojekt 2 GmbH & Co. KG                                       | Germany     | 100.00%          | 6,206,000         | 100.00%          | 4,201,000         |
| Enovos Pfalzwerke BG St. Ingbert GmbH   | Germany     | 50.00%           | 5,000,000         | 50.00%           | 5,000,000         |
| Pfalzwerke AG   | Germany     | 1.86%            | 4,628,000         | 1.86%            | 4,628,000         |
| Stadwerke Trier Versorgungs GmbH  | Germany     | 24.90%           | 4,599,760         | 24.90%           | 4,439,255         |
| Stadwerke Sulzbach GmbH   | Germany     | 15.00%           | 3,982,062         | 15.00%           | 3,982,062         |
| Stadwerke Völklingen Netz GmbH  | Germany     | 17.60%           | 3,211,179         | 17.60%           | 3,136,000         |
| Energie Südpfalz GmbH & Co. KG  | Germany     | 50.00%           | 2,899,712         | 50.00%           | 2,899,712         |
| Solkraftwerk Bardenup GmbH & Co. KG   | Germany     | 32.43%           | 2,816,813         | 32.43%           | 2,882,469         |
| GasLINE GmbH & Co. KG   | Germany     | 5.00%            | 2,017,612         | 5.00%            | 2,017,612         |
| Seo S.A.  | Luxembourg  | 4.46%            | 1,971,596         | 4.46%            | 1,971,596         |
| AMPACIMON S.A.  | Belgium     | 20.78%           | 1,705,525         | 0.00%            | 0                 |
| Neustromland Solarkraftwerk 1 GmbH & Co. KG                                       | Germany     | 100.00%          | 1,401,000         | 100.00%          | 1,401,000         |
| Stadwerke Bliestal GmbH   | Germany     | 23.50%           | 1,333,000         | 23.50%           | 1,333,000         |
| SWT Erneuerbare Energien GmbH & Co. KG  | Germany     | 49.00%           | 1,323,000         | 49.00%           | 1,323,000         |
| Bioenergie Merzig GmbH  | Germany     | 39.00%           | 1,277,250         | 39.00%           | 1,277,250         |
| Queichtal Energie Offenbach GmbH & Co. KG (former VG Offenbach GmbH & Co. KG)     | Germany     | 49.00%           | 1,173,650         | 100.00%          | 100               |
| Stadwerke Völklingen Vertrieb GmbH  | Germany     | 17.60%           | 1,100,000         | 17.60%           | 1,100,000         |
| Solarpark Nordband GmbH & Co. KG  | Germany     | 100.00%          | 891,000           | 100.00%          | 891,000           |
| Solar Kraftwerk Kenn GmbH   | Germany     | 25.10%           | 757,779           | 25.10%           | 757,779           |
| Windpark Meckel/Gilzem GmbH & Co. KG  | Germany     | 34.00%           | 560,340           | 34.00%           | 560,340           |
| Neustromland Energieprojekt 1 GmbH & Co. KG                                       | Germany     | 100.00%          | 500,000           | 100.00%          | 1,000             |
| Trifels Gas GmbH  | Germany     | 49.00%           | 492,250           | 49.00%           | 492,250           |
| City Mov S.à r.l.   | Luxembourg  | 100.00%          | 419,598           | 100.00%          | 131,098           |
| Encasol S.A.  | Luxembourg  | 50.00%           | 320,000           | 50.00%           | 320,000           |
| Stadwerke Lambrecht GmbH  | Germany     | 15.00%           | 241,265           | 15.00%           | 239,480           |
| energieageance S.A.   | Luxembourg  | 50.00%           | 233,736           | 40.00%           | 148,736           |
| Stadwerke Homburg GmbH  | Germany     | 10.67%           | 233,452           | 10.67%           | 233,452           |
| JAO S.A. (former CASC EU S.A.)  | Luxembourg  | 5.00%            | 209,809           | 7.14%            | 430,000           |
| Learning Factory S.A.   | Luxembourg  | 32.90%           | 200,000           | 32.90%           | 200,000           |
| ACTIVE SMARTHOMÉ  | Luxembourg  | 50.00%           | 150,040           | 0.00%            | 0                 |
| Neustromland GmbH & Co. KG  | Germany     | 5.56%            | 150,000           | 5.56%            | 150,000           |
| GuD KW Krefeld GmbH   | Germany     | -                | 147,472           | -                | 147,024           |
| Solarpark St. Wendel GmbH   | Germany     | 15.00%           | 142,500           | 15.00%           | 142,500           |
| EnergieSüdpfalz PV-Anlage Leinefelde-Worbis GmbH & Co. KG                         | Germany     | 10.00%           | 136,950           | 70.00%           | 144,950           |
| IZES GmbH   | Germany     | 8.26%            | 67,700            | 0.00%            | 0                 |
| Blue Wizzard Beteiligungsverwaltungsgesellschaft GmbH                             | Germany     | 100.00%          | 50,000            | 100.00%          | 50,000            |
| Windpark Gimbleiter & Mosberg Inf. GbR  | Germany     | 60.00%           | 35,493            | 60.00%           | 34,672            |
| SSG Saar Service GmbH   | Germany     | 10.00%           | 32,565            | 10.00%           | 32,565            |
| Enovos Generation GmbH  | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Enovos Power Beteiligung GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| ESW - Grüne Energie GmbH  | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Neustromland Solarkraftwerk 1 VG GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Windpark Mosberg Verwaltungs GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Windpark Bliesgau GmbH  | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Enovos Participations GmbH  | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Neustromland Projekt 1 GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Neustromland Projekt 2 GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Enovos Projektgesellschaft 1 GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| Enovos Projektgesellschaft 2 GmbH   | Germany     | 100.00%          | 25,000            | 100.00%          | 25,000            |
| NPG Groningen NV  | Netherlands | 85.00%           | 18,250            | 85.00%           | 38,250            |
| Gastmotive Erdgastankstellen GmbH & Co. KG  | Germany     | 11.70%           | 17,500            | 11.70%           | 17,500            |
| BALANSYS S.A.   | Luxembourg  | 50.00%           | 15,500            | 0.00%            | 0                 |
| Energie Südpfalz Verwaltung GmbH  | Germany     | 50.00%           | 12,500            | 50.00%           | 12,500            |
| C-Gen NV  | Netherlands | 5.00%            | 5,400             | 5.00%            | 5,400             |
| gastmotive Erdgastankstellen GmbH   | Germany     | 11.70%           | 2,925             | 11.70%           | 2,925             |
| GasLINE Geschäftsführungs GmbH  | Germany     | 5.00%            | 1,278             | 5.00%            | 1,278             |
| Forward Forstservice GmbH   | Germany     | 33.00%           | 1                 | 33.00%           | 1                 |
| Enovos Power GmbH (*)   | Germany     | 100.00%          | 0                 | 100.00%          | 25,000            |
| Queichtal Energie Offenbach Verwaltung GmbH (former VG Offenbach Verwaltung GmbH) | Germany     | 0.00%            | 0                 | 100.00%          | 25,000            |
| Solkraftwerk Wunstorf GmbH (**)   | Germany     | 100.00%          | 0                 | 100.00%          | 25,000            |
| EnergieSüdpfalz Shared Service GmbH (*)   | Germany     | 64.00%           | 0                 | 64.00%           | 16,000            |
| Cegedel International S.A.  | Luxembourg  | 100.00%          | 0                 | 100.00%          | 0                 |
|   |             |                  | <b>85,733,462</b> |                  | <b>68,809,756</b> |

(\*) Company fully consolidated in 2015

(\*\*) Company merged with Enovos Renewables GmbH

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 9 – Financial fixed assets (cont.)

On 12<sup>th</sup> March 2015, Enovos Luxembourg S.A. paid EUR 11,100,000 for a 10% stake in Vialis S.A. d'économie mixte locale, a French company which supplies electricity and gas, cable TV, broadband Internet and telephony in Colmar (France).

Enovos Luxembourg S.A. also subscribed to an equity increase of EUR 288,500 in City Mov' S.à r.l., acquired additional 10% of Energieagence S.A. for EUR 85,000 and together with Entreprise des Postes et Télécommunications, created Active SmartHome S.A. for an amount of EUR 15,500 and subsequently subscribed to a capital increase of EUR 134,540, the purpose of the new company being to sell web services and smart connected devices.

On 7<sup>th</sup> May 2015, Creos Luxembourg S.A. created Balansys S.A., a joint-venture with Fluxys Belgium NV/S.A., for an amount of EUR 15,500. The purpose of the new company is to facilitate the integration of the Belgian and Luxembourg H-gas market zones into a single zone as well as the further integration of gas markets in Europe.

During the year, Creos Luxembourg S.A. took a stake of 20,78% in Ampacimon S.A., a Belgian company which develops innovative "Dynamic Line Rating" systems for transmission/distribution systems operators, for a purchase price of EUR 1,705,525.

On 24<sup>th</sup> June 2015, the extraordinary general meeting of the shareholders of CASC CWE S.A. decided to reduce the share capital of the company and approved the cross border merger between the company and Central Allocation Office GmbH. After the merger, the name of the company is Joint Allocation Office S.A. (JAO S.A.) and the participation of Creos Luxembourg S.A. is reduced from 7.14% to 5%.

Energie Südwest AG increased its equity by EUR 2,134,900 in the wind park Queichtal Energie Offenbach GmbH (formerly VG Offenbach GmbH & Co.KG) and subsequently sold 51% of that entity. As of 31<sup>st</sup> December 2015, the company retains a stake of 49% for EUR 1,173,650.

Stadtwerke Völklingen Netz GmbH has been transferred from Enovos Deutschland SE to Creos Deutschland GmbH for EUR 3,136,000, to which transaction fees of EUR 75,179 have been added.

The Board of Directors is of the opinion that no value adjustments are necessary for all the investments considered as financial fixed assets.

## Note 10 – Inventories

Raw materials of EUR 21,881,078 (2014: EUR 18,537,279) consist mainly of parts inventories of Creos Luxembourg S.A. and of feedstock of the green electricity production companies.

Work and contracts in progress of EUR 24,910,042 (2014: EUR 13,535,515) are mainly made up of work in progress for grid customers of Creos Luxembourg S.A. which will be invoiced to customers once finished.

Finished goods of EUR 47,160,167 (2014: EUR 31,570,287) mainly consist of gas stocks held in France and Germany. A value adjustment of EUR 3,047,294 has been recognized in 2015 (2014: EUR 2,278,600).

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 11 – Debtors****11.1. Trade receivables**

Trade receivables are mainly related to energy sales, transportation and distribution of electricity and gas.

|                                      | 31/12/2015         | 31/12/2014         |
|--------------------------------------|--------------------|--------------------|
|                                      | €                  | €                  |
| Trade receivables - Gross value      | 343,163,195        | 388,979,674        |
| Value adjustment                     | (16,715,773)       | (12,689,396)       |
| <b>Trade receivables - Net value</b> | <b>326,447,422</b> | <b>376,290,278</b> |

**11.2. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests**

Receivables due by undertakings with which the group is linked by virtue of participating interests are mainly due within 30 days and relate to commercial activities.

**11.3. Other receivables**

This caption mainly includes tax receivable in Luxembourg of EUR 30,425,417 (2014: EUR 27,190,105) and in Germany of EUR 12,090,494 (2014: EUR 14,013,026).

Furthermore, VAT recoverable in Luxembourg amounts to EUR 4,583,359 (2014: EUR 6,567,035).

An amount of EUR 7,627,385 is composed of receivables on gas and electricity taxes in Germany (2014: EUR 5,630,413).

As of 31<sup>st</sup> December 2015, this caption also comprises a receivable on the "Institut Luxembourgeois de Régulation" ("ILR") of EUR 3,966,248 (2014: EUR 12,761,393) in the context of the mechanism of the "Fond de compensation" for Creos Luxembourg S.A..

**11.4 Deferred tax assets**

Deferred tax assets for a total of EUR 2,996,000 (2014: EUR 2,765,000) have been computed on the German companies part of the fiscal unity of Enovos Deutschland SE as a result of the fiscal loss in 2013, 2014 and 2015. The amount is expected to be recovered with future taxable profits.

Deferred tax assets for a total of EUR 500,000 (2014: EUR 2,800,000) have been computed on behalf of those companies part of the fiscal unity of Enovos International S.A. as a result of the fiscal loss in 2014. The amount is expected to be recovered with future taxable profits.

Deferred tax assets for a total of EUR 529,663 have been computed by Enovos Solar Investment II S.r.l. Unipersonale as a result of the partial non-deductibility of interest costs and a change in law concerning depreciation duration for photovoltaic plants.

**Note 12 – Transferable securities**

Transferable securities held as fixed assets relate to a portfolio of equities and bonds held until maturity whereas securities posted in current assets relate to money market investments.



## 2.4 Notes to the consolidated annual accounts (cont.)

### Note 13 – Cash at bank, cash in postal cheque accounts, cheques and cash in hand

This caption comprises sight deposits and term deposits for investment periods of less than three months. In 2015, this caption also comprises an amount of EUR 25,211,075 posted on clearing accounts linked to the portfolio management. In 2015, management decided to reclassify this amount, qualified as restricted cash, from the caption Prepayment. In 2014, the corresponding amount was EUR 12,082,732 (see also note 14).

### Note 14 – Prepayments

On 23<sup>rd</sup> May 2011, the Company entered into three interest rate swaps (IRS) for an aggregate nominal amount of EUR 200 million and a final maturity 7 years later, in order to hedge a long term financing initially planned for September 2011. Since the planned financing has been postponed to May 2012, the IRS have been extended up to this date. As the EUR 200 million bond was definitely launched in May 2012 and issued on 15<sup>th</sup> June with a maturity in 2019, the three IRS contracts have been unwound and the related costs of EUR 23.9 million were deferred, as part of the financing fees, over the life time of the underlying retail bond financing. As of 31<sup>st</sup> December 2015, an amount of EUR 11,821,572 was posted under the caption "Prepayments" (2014: EUR 15,239,857).

This heading also includes a quantity of prepaid gas valued at EUR 16,868,020 in the context of implementing a make-up clause in Enovos Luxembourg's long-term gas contracts (2014: EUR 27,405,789).

Furthermore, are included power purchase contracts from 2014 to 2017 for an amount of EUR 858,000 (2014: EUR 3,092,000).

An amount of EUR 12,290,494 relates to realized power portfolio positions maturing in 2016 and 2017 (2014: EUR 685,533). In 2014, this caption also included EUR 12,082,732 corresponding to clearing accounts linked to the portfolio management. In 2015, management decided to reclassify this amount, qualified as restricted cash, under the caption Cash at bank. In 2015, the corresponding amount is EUR 25,211,075.

Within Creos Luxembourg S.A., according to the regulation scheme, a cumulated difference (2015 and prior years) is calculated individually for each regulated activity (electricity, gas transport, gas distribution, metering electricity, metering gas) and is provided for, when positive, in the caption Prepayments for an amount of EUR 4,661,885 (2014: EUR 3,514,538) and when negative, in the caption Deferred income for an amount of EUR 13,525,694 (2014: EUR 21,168,952). According to the regulation scheme, the amount of revenues (grid tariffs) deriving from regulated activities is authorised on an annual basis by the Regulator, ILR. The difference between actual and authorised revenues is assessed each year by the Regulator. This difference is considered in the determination of the electricity and gas grid tariffs for subsequent years. In case actual revenues are exceeding revenues as accepted by the ILR, tariffs for subsequent years will be reduced and consequently such negative difference is provided for.

An amount of EUR 1,973,199 represents advance leasing payments by Enovos Solar Investment I S.r.l. Unipersonale for the year 2016 (2014: EUR 2,160,513).

### Note 15 – Capital and reserves

As at 31<sup>st</sup> December 2015, the share capital of Enovos International S.A. amounted to EUR 90,962,900. It was fully paid-up and was represented by 909,629 ordinary shares (2014: 909,629), with a nominal value of EUR 100 per share and with no preferential rights.

The company is required to allocate a minimum of 5% of its annual net income to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 15 – Capital and reserves (cont.)

## Consolidated capital and reserves, group share

|                                       | 31/12/2014           | Distribution<br>of dividends | Appropriation<br>of profit | Change<br>in scope | Other            | Profit<br>for the year | 31/12/2015           |
|---------------------------------------|----------------------|------------------------------|----------------------------|--------------------|------------------|------------------------|----------------------|
|                                       | €                    | €                            | €                          | €                  | €                | €                      | €                    |
| Subscribed capital                    | 90,962,900           | 0                            | 0                          | 0                  | 0                | 0                      | 90,962,900           |
| Share premium                         | 387,028,449          | 0                            | 0                          | 0                  | 0                | 0                      | 387,028,449          |
| Consolidated Reserves                 | 457,259,773          | 0                            | (73,209,789)               | (5,879,188)        | 4,651,415        | 0                      | 382,822,211          |
| <i>Legal Reserve</i>                  | 9,096,290            | 0                            | 0                          | 0                  | 0                | 0                      | 9,096,290            |
| <i>Reserve of 1st consolidation</i>   | (57,960,816)         | 0                            | 0                          | 0                  | 0                | 0                      | (57,960,816)         |
| <i>Consolidation reserves</i>         | 441,192,147          | 0                            | (73,209,789)               | (5,879,188)        | 4,651,415        | 0                      | 366,754,585          |
| <i>Other reserves</i>                 | 64,932,152           | 0                            | 0                          | 0                  | 0                | 0                      | 64,932,152           |
| Retained earnings                     | 2,494,831            | 0                            | 54,998,706                 | 0                  | 0                | 0                      | 57,493,537           |
| Capital investment subsidies          | 5,567,192            | 0                            | 0                          | 0                  | (618,470)        | 0                      | 4,948,722            |
| Temporarily not taxable capital gains |                      | 0                            | 0                          | 0                  | 179,284          | 0                      | 179,284              |
| Profit for the year                   | 5,794,026            | (24,005,109)                 | 18,211,083                 | 0                  | 0                | 58,422,459             | 58,422,459           |
| <b>Total shareholder's equity</b>     | <b>949,107,171</b>   | <b>(24,005,109)</b>          | <b>0</b>                   | <b>(5,879,188)</b> | <b>4,212,229</b> | <b>58,422,459</b>      | <b>981,857,562</b>   |
| <b>Group share</b>                    |                      |                              |                            |                    |                  |                        |                      |
| Minority interest                     | 215,127,058          | (10,884,326)                 | 0                          | 1,504,706          | (2,269,219)      | 22,207,517             | 225,685,737          |
| <b>Total shareholder's equity</b>     | <b>1,164,234,229</b> | <b>(34,889,435)</b>          | <b>0</b>                   | <b>(4,374,482)</b> | <b>1,943,010</b> | <b>80,629,976</b>      | <b>1,207,543,299</b> |

The caption "Change in scope" mainly comprises the impact in minority interest of the rate change of Projecta 14 GmbH and Energiepark Trelderberg GmbH. The same caption also comprises a negative goodwill of EUR 263,936 generated by the purchase of Repower Vertrieb GmbH (see also note 5).

## Note 16 – Provisions

## 16.1. Provisions for pensions and similar obligations

This caption includes provisions relating to pension commitments. Under a supplementary pension scheme, Enovos International S.A., Enovos Luxembourg S.A., Creos Luxembourg S.A., Enovos Deutschland SE and its subsidiaries and Creos Deutschland Holding GmbH and its subsidiaries have contracted defined benefit schemes. The amount reported in the balance sheet is based on the following assumptions:

- retirement age taken into account for financing: 60 years (for Luxembourg), 62 years (for Germany);
- yearly discount rate of 4.15%;
- estimated salary at time of retirement based on past experience.

Actuarial profits and losses are immediately recognised in the income statement.

Whereas in Luxembourg, the application of the group assumptions has been accepted by the tax authorities, there is a difference in Germany between local accounting standard HGB and group assumptions. Consequently, consolidated pension provisions booked under group assumptions are lower than those booked locally under HGB by EUR 15,936,701 (2014: EUR 12,447,909).

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 16 – Provisions (cont.)

## 16.2 Other provisions

The caption "Other provisions" comprises provisions to cover the following risks:

|   | 31/12/2015        | 31/12/2014        |
|---|-------------------|-------------------|
|   | €                 | €                 |
| Provisions for regulatory and environmental risks | 38,974,982        | 37,882,835        |
| Provisions for purchases                          | 828,645           | 833,120           |
| Provisions for staff costs                        | 15,742,861        | 15,585,909        |
| Provisions for sales risks                        | 9,715,759         | 14,523,402        |
| Provisions for derivatives                        | 178,434           | 1,595,975         |
| Provisions for litigation                         | 462,777           | 2,131,043         |
| Other provisions                                  | 23,121,560        | 24,295,018        |
|   | <b>89,025,018</b> | <b>96,847,302</b> |

The caption "Provision for sales risks" comprises EUR 9,715,759 (2014: 14,523,402) related to sales risks in Germany.

The sub-caption "Other provisions" comprises a provision of EUR 15,050,000 (2014: 15,050,000) related to guarantees issued in the context of Aveleos S.A..

## Note 17 – Non convertible debenture loans

On 15<sup>th</sup> June 2012, Enovos International S.A. issued a public bond of EUR 200 million which is listed on the secondary Euro MTF market in Luxembourg. The bond bears an interest of 3.75% and is entirely redeemed on 15<sup>th</sup> June 2019. Interests on the coupons are paid on 15<sup>th</sup> June of every year from 2013 to 2019. The accrued interests payable as at 31<sup>st</sup> December 2015 amount to EUR 4,084,740 (2014: EUR 4,062,500).

Furthermore, on 26<sup>th</sup> June 2013, the Company issued a first German Certificate of Indebtedness ("Schuldschein") of EUR 102 million with tenors of 7, 10, 12 and 15 years. The Schuldschein bears a floating interest rate for the 7-year tenors and a fixed interest rate of 2.81%, 3.22% and 3.5% for the 10, 12 and 15 years tenors respectively. The interests for the floating 7 years tenor are paid twice a year in June and December whereas the interests on the fixed tenors are paid in June every year. The accrued interests payable as at 31<sup>st</sup> December 2015 amount to EUR 1,239,888 (2014: EUR 1,068,865).

On 21<sup>th</sup> November 2014, the Company issued an additional German Certificate of Indebtedness ("Schuldschein") of EUR 80 million with tenors of 7, 10 and 12 years. The Schuldschein bears a fixed interest rate for the 7 years of 1.547%, 2.004% for the 10 years and 2.297% for 12 years. The interests on the fixed tenors are paid in November every year. The accrued interests payable as at 31<sup>st</sup> December 2015 amount to EUR 157,098 (2014: EUR 156,120).

On 1<sup>st</sup> May 2011, NPG Green I, an affiliate of NPG Group, issued a non-convertible subordinated loan of EUR 1 million with a third party investor, reimbursable in yearly instalments from 2014 to 2019. The loan bears a fixed interest rate of 8% payable per semester.

|                                 | Within one year  | After one year<br>and within five<br>years | After more than<br>five years | Total 2015         | Total 2014         |
|---------------------------------|------------------|--|-------------------------------|--------------------|--------------------|
|                                 | €                | €  |                               | €                  | €                  |
| Non-convertible debenture loans | 5,683,222        | 235,500,000                                | 147,000,000                   | 388,183,222        | 387,418,307        |
| <b>Total</b>                    | <b>5,683,222</b> | <b>235,500,000</b>                         | <b>147,000,000</b>            | <b>388,183,222</b> | <b>387,418,307</b> |

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 18 – Amounts owed to credit institutions**

To guarantee sufficient liquidity to the main group companies, Enovos International S.A. has contracted in November 2013 a 3-year syndicated revolving credit facility ("RCF") amounting to EUR 180 million with 6 banks, with an option to extend by another 2 years until November 2018. In May 2015 the RCF was increased by EUR 20 million thus amounting now to EUR 200 million. The amount drawn of the committed RCF as of 31<sup>st</sup> December 2015 is EUR 0 (2014: EUR 0). In November 2015, all participating banks agreed to extend the maturity until November 2018.

Interests to be paid are based on Euribor plus a margin of 0.5% which may vary depending on the consolidated gearing ratio (ratio of net financial debt to equity on a consolidated base) as well as on the utilization rate of the credit facility.

The amounts owed to credit institutions break down as follows:

|   | 31/12/2015 | 31/12/2014 |
|---|------------|------------|
|   | €          | €          |
| Current financial liabilities due to financial institutions     |            |            |
| due within one year   | 17,984,751 | 34,022,954 |
| Non-current financial liabilities due to financial institutions |            |            |
| due after one year and within five years                        | 41,860,361 | 24,602,858 |
| due in more than five years                                     | 46,230,956 | 70,919,121 |

**Note 19 – Payments received on account of orders**

Are recorded under this caption down-payments received, largely on works performed for third party grid customers.

**Note 20 – Trade creditors**

Trade creditors are mainly related to energy purchases / supplies and trading activities.

**Note 21 – Amounts owed to undertakings with which the group is linked by virtue of participating interests**

Amounts owed to undertakings with which the group is linked by virtue of participating interests are usually due within 30 days, and related largely to commercial activities.

**Note 22 – Tax and social security debts**

This caption includes corporate income taxes, value added tax (VAT) liabilities, taxes on gas and electricity sales, and social taxes on pensions and salaries.

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 22 – Tax and social security debts (cont.)**

Enovos International S.A. is subject to all taxes applicable to Luxembourg companies and the tax provisions have been provided in accordance with the relevant laws. Since 2009, Enovos International S.A. is part of the fiscal unity with Enovos Luxembourg S.A., Cegedel International S.A. and Enovos Ré S.A.. Beginning 2012, LEO S.A. has joined that fiscal unity. In 2014, Enovos Real Estate Luxembourg S.A. and Real Estate Enovos Esch S.A. have joined the fiscal unity. In the frame of the fiscal unity, the taxes in the accounts are recorded as follows:

- Tax expenses are booked in the subsidiaries' accounts as would be the case if no tax unity exists;
- Tax savings relating to a loss-making subsidiary are recorded as a deduction of tax expenses in the head of the fiscal unity;
- Enovos International S.A., as the head of the fiscal unity, books the tax provisions on the basis of the consolidated results of the companies included in the scope of the fiscal unity.

In order to benefit from the fiscal unity regime, the companies concerned have agreed to be part of the fiscal unity for a period of at least five financial years. This means that if the conditions laid down in Article 164bis LIR (Income tax law) are not met at any time during these five years period, the fiscal unity ceases to apply, retroactively, as from the first year in which it was granted.

There are two further fiscal unities in Germany, one for Creos Deutschland Holding GmbH, regrouping Creos Deutschland Netz GmbH and Creos Deutschland Services GmbH, another for Enovos Deutschland SE, regrouping Enovos Energie Deutschland GmbH, Enovos Renewables GmbH, Enovos Properties GmbH, Enovos Storage GmbH and Enovos Future GmbH.

**Note 23 – Deferred tax liabilities**

The deferred income tax liability is mainly related

- to the different depreciation methods used in consolidated accounts (linear) compared with the statutory accounts (degressive) of several group companies;
- to the different calculation method of the pension obligations in consolidated accounts compared with statutory accounts of several group companies;
- to a provision reversal at Enovos Re S.A. in the consolidated accounts.

**Note 24 – Other creditors**

In the course of the financing agreement reached with SEO S.A. over the financing of the 11<sup>th</sup> turbine at the Vianden pumping station of SEO, an amount of EUR 99,205,612 (2014: EUR 101,247,153) has been posted under this caption in 2015, of which EUR 87,885,000 are due after more than one year (2014: EUR 101,247,153); (see also note 8).

The group has a long-term liability to the city of Landau of EUR 11,524,000 (2014: EUR 10,597,000) in the context of the acquisition of EnergieSüdwest AG.

Furthermore, as of 31<sup>st</sup> December 2015, Enovos Deutschland SE has a long term liability of EUR 1,700,000 towards "Pensionskasse der Enovos Deutschland VVaG" (2014: EUR 1,700,000).

**Note 25 – Deferred income**

Same as in 2014, this caption mainly includes derivatives used to hedge operations to be settled in subsequent years and advance payments by customers.

In addition, as described in note 14, Creos Luxembourg S.A. has posted under this caption an amount of EUR 13,525,694 (2014: EUR 21,168,952) related to the regulated activities.



## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 26 – Use of merchandise, raw materials and consumable materials**

|  | 2015<br>€            | 2014<br>€            |
|--|----------------------|----------------------|
| Electricity supplies                       | 1,321,362,591        | 1,622,190,892        |
| Trading sales                              | (872,630,465)        | (802,313,170)        |
| Gas supplies                               | 1,204,086,618        | 1,087,674,982        |
| Other supplies                             | 287,031,623          | 248,020,580          |
| Derivatives                                | 7,707,296            | 16,004,770           |
| <b>Total Raw materials and consumables</b> | <b>1,947,557,663</b> | <b>2,171,578,054</b> |

This caption includes energy procurement and electricity trading costs. Electricity and gas trading sales are shown net of cost of sales, since they were made partly to reduce procurement costs.

The margin achieved on trading activities is therefore included under "Use of merchandise, raw materials and consumable materials", as well as the realised profit or loss and the unrealised loss on derivative financial instruments.

**Note 27 – Other external charges**

This caption includes among others professional fees, subcontracting and maintenance costs, marketing and communication costs, rental costs and insurance premiums.

**Note 28 – Staff costs**

The group had on average 1,470 employees in 2015 (2014: 1,427). The figure in 2015 includes the staff of the City of Luxembourg made available to Creos Luxembourg S.A., 110 employees (2014: 117 employees), the costs of which are shown under wages and salaries for EUR 10,610,664 (2014: EUR 11,019,164).

**Note 29 – Net turnover**

Sales break down is as follows:

|                        | 2015<br>€            | 2014<br>€            |
|------------------------|----------------------|----------------------|
| Sales electricity      | 1,476,756,937        | 1,559,107,166        |
| Sales gas              | 706,424,583          | 825,626,904          |
| Other energy sales     | 22,828,766           | 24,203,039           |
| Grid sales electricity | 36,483,846           | 31,772,677           |
| Grid sales gas         | 78,201,317           | 78,008,005           |
| Other sales            | 72,365,017           | 69,685,078           |
| Rebates & discounts    | (3,568,758)          | (3,468,664)          |
| <b>Total sales</b>     | <b>2,389,491,708</b> | <b>2,584,934,206</b> |

Other sales include sales of services to electricity and gas customers like metering and costs for grid connections. Sales relating to gas and electricity trading are shown net of purchases under "Raw materials and consumables".



## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 29 – Net turnover (cont.)**

Geographical sales break down as follows:

|                    | 2015                 |                | 2014                 |                |
|--------------------|----------------------|----------------|----------------------|----------------|
|                    | €                    |                | €                    |                |
| Luxembourg         | 752,574,856          | 31.50%         | 865,171,152          | 33.47%         |
| Germany            | 1,397,072,210        | 58.47%         | 1,524,466,757        | 58.98%         |
| France             | 146,772,854          | 6.14%          | 122,274,263          | 4.73%          |
| Belgium            | 80,105,357           | 3.35%          | 66,012,088           | 2.55%          |
| Other countries    | 12,966,431           | 0.54%          | 7,009,946            | 0.27%          |
| <b>Total sales</b> | <b>2,389,491,708</b> | <b>100.00%</b> | <b>2,584,934,206</b> | <b>100.00%</b> |

**Note 30 – Other operating income**

The caption "Other operating income" includes mainly the activities unrelated to the supply of gas and electricity.

**Note 31 – Income from financial fixed assets, other interest and other financial income, interest and other financial charges**

Income from financial fixed assets relates to dividends received from not consolidated entities. Other interest and financial income is mostly composed of interests received on short-term bank deposits.

The caption "Interest and other financial charges" is mostly composed of interests paid on bank loans, on the public bond and on the German certificates of indebtedness, as well as of the depreciation of the hedge costs related to the bond issue.

**Note 32 – Share in result of companies accounted under the equity method**

The share in result of companies accounted under the equity method breaks down as follows:

|                                  | 2015              | 2014              |
|----------------------------------|-------------------|-------------------|
|                                  | €                 | €                 |
| energis GmbH                     | 6,384,060         | 7,865,499         |
| Pfalzgas GmbH                    | 3,098,573         | 2,999,113         |
| artelis S.A.                     | 1,368,012         | 1,015,833         |
| Datacenterenergie S.A.           | 696,102           | 238,469           |
| Cegyco S.A.                      | 634,831           | 315,221           |
| Soler S.A.                       | 583,567           | (867,566)         |
| Projecta 14 GmbH                 | 528,955           | 1,122,944         |
| Global Facilities S.A.           | 494,954           | 547,918           |
| Solkraftwerk Ahorn GmbH & Co. KG | 191,394           | 116,697           |
| NPG Willebroek NV                | 140,802           | 182,573           |
| Nordenergie S.A.                 | 108,950           | 102,524           |
| Airportenergie S.A.              | 103,970           | 91,955            |
| Windpark Wremen GmbH & Co. KG    | 93,398            | 34,493            |
| Steiner S.A.                     | 68,422            | 55,789            |
| Suncoutim - Solar Energy S.A.    | 37,689            | 10,439            |
| Aveleos S.A.                     | 0                 | 0                 |
| Kiowatt S.A.                     | (180,740)         | (62,189)          |
| Twinterg S.A.                    | (1,157,564)       | 762,242           |
| <b>Total</b>                     | <b>13,195,375</b> | <b>14,531,954</b> |

## 2.4 Notes to the consolidated annual accounts (cont.)

### **Note 33 – Extraordinary income and charges, reversal of value adjustments on elements of current assets**

In the context of the annual impairment testing process, the Board of Directors decided to depreciate its financial commitment in Twinerg S.A. for an amount of EUR 7,445,885, covering the financial asset of EUR 5,001,395 and a shareholder loan of EUR 2,424,490.

### **Note 34 – Current and deferred income tax expense**

The current tax provisions have been provided in accordance with the relevant laws applicable in Luxembourg, Germany, Belgium, France and Italy.

Deferred taxes are recorded on the time differences existing between the tax rules and those used for preparing the consolidated annual accounts. Deferred taxes are calculated in accordance with the variable carrying forward method based on the tax rate expected at the time that the receivable or liability materialises. Active deferred taxes are recorded only if it is likely that future taxable profits will be available.

### **Note 35.1 – Remuneration paid to members of the administration and management bodies**

Remuneration paid to members of the management and supervisory bodies of Enovos International S.A. totalled EUR 597,500 in 2015 (2014: EUR 612,101). No advances nor loans were granted to members of the administration and supervisory bodies, nor was any commitment undertaken on their behalf in respect of any form of guarantee.

### **Note 35.2 – Auditor's fees**

Audit and audit-related fees for the year 2015 amount to EUR 570,100 (2014: EUR 533,000).

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 36 – Financial derivatives

The group is further engaged in spot and forward electricity and gas trading on organised markets and by private sales. These transactions are made using different instruments. Among these instruments are forward contracts, which imply final delivery of electricity and gas, swap contracts, which entail promises of payment to and from counterparties in conjunction with the difference between a fixed price and a variable price indexed on underlying products, options or other contractual agreements.

These contracts are not accounted for in the balance sheet as the group has opted to not apply the option to use fair value accounting in its annual accounts. Only the unrealized losses are accounted for in income statements according to principles disclosed in Note 1 to the accounts.

## Derivative financial instruments – Sell positions

|  | 31/12/2015        | 31/12/2014         |
|--|-------------------|--------------------|
|  | €                 | €                  |
| Financial derivatives on electricity futures | 8,301,203         | 118,451,168        |
| Other financial derivatives                  | 2,960,384         | 2,080,819          |
| <b>Total</b>                                 | <b>11,261,587</b> | <b>120,531,987</b> |

## Derivative financial instruments – Buy positions

|  | 31/12/2015          | 31/12/2014           |
|--|---------------------|----------------------|
|  | €                   | €                    |
| Financial derivatives on electricity futures | (8,073,939)         | (116,392,274)        |
| Other financial derivatives                  | (2,874,423)         | (4,746,804)          |
| <b>Total</b>                                 | <b>(10,948,362)</b> | <b>(121,139,078)</b> |

The total nominal value (purchases and sales) of derivatives contracts and the net fair value break down as follows:

|  | 31/12/2015    |            | 31/12/2014    |             |
|--|---------------|------------|---------------|-------------|
|  | €             |            | €             |             |
|  | Nominal value | Fair value | Nominal value | Fair value  |
| Financial derivatives on electricity futures | 386 335 304   | 227 264    | 946 712 336   | 2 058 895   |
| Other financial derivatives                  | 123 029 635   | 85 961     | 56 368 104    | (2 665 985) |

The net fair value of the derivative contracts amounts to EUR 313,225. That value comprises the net market value of all proprietary trading positions. When netting by commodity type and maturity year, there could be negative as well positive market values. According to going accounting principles, a provision is posted for negative positions. Thus, in 2015, a provision of EUR 178,434 (2014: EUR 1,595,975) is recorded under the caption "Other provisions – Provisions for derivatives" (see note 16.2).

## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 37 – Off-balance sheet liabilities and commitments**

Enovos International S.A. has given customary parental support letters to several energy providers and trading counterparts of Enovos Luxembourg S.A. amounting to EUR 134,2 million (2014: EUR 105,3 million).

Enovos International S.A. provided a parent company guarantee of EUR 10,022,459 as of 31<sup>st</sup> of December 2015 (2014: EUR 10,882,624) for the benefit of a bank by order and for account of SKW Kenn GmbH as performance bond for a financing agreement between the lender and the latter. In return, Enovos International S.A. received a parent company counter-guarantee from Stadtwerke Trier with a current amount of EUR 5,111,454 (2014: EUR 5,550,138).

Under the shareholder agreement to which Enovos International S.A. is a signatory, and as mentioned in the bylaws of the company, the Luxembourg State (the "State"), and/or the SNCI, a Luxembourg public law banking institution, shall obtain at any time upon one or more successive requests from the State individually or the State and the SNCI jointly, if applicable each time for a portion (and regardless of the level of participation of Enovos International in the subsidiaries) a direct participation and if so requested even a qualified (e.g. two third) majority in the share capital of Creos Luxembourg S.A. and the shareholders shall take the necessary actions, resolutions and approvals to be taken to such effect (including by Enovos International S.A.) and in particular to cause the resolutions of the shareholders and/or the subsidiaries to be taken in order to allow the State and/or the SNCI to obtain the participation(s) as set forth here above in one or more successive operations. All transactions necessary in that respect must respect the arm's length principle. The State and/or the SNCI, as applicable, agree not to transfer for commercial reasons, during a period of ten (10) years, starting at the date of the acquisition of the relevant shares in Creos Luxembourg S.A., all or part of the shares it/they has/have acquired in the share capital of the Grid company, subject to certain exceptions (including transfers between the State and SNCI, transfers to their affiliates or municipalities or public bodies or transfers pursuant to legal or regulatory constraints or a court order).

Subject to the same exceptions, if at any time after the above 10 years period, the State and/or the SNCI (or the affiliates, municipalities or public bodies referred to in the preceding sentence), as applicable, propose to make a transfer of all or part of such shares, Enovos International S.A. has a pre-emption right over such shares.

Transfer of shares in Enovos International S.A. by the shareholders will be subject to pre-emption rights (with certain exceptions in case of transfer to affiliates) which are largely reflected in the Articles of Association of Enovos International S.A.. The same pre-emption rights apply in case of a change of control of a shareholder.

Enovos Luxembourg S.A. concluded a number of forward contracts for the purchase and sale of electricity and gas as part of its usual operations. The company has thus contracted purchase commitments for physical delivery of electricity and gas amounting to EUR 1.21 billion, as of 31<sup>st</sup> December 2015 (2014: EUR 1.84 billion). The amount of the aforementioned forward purchase contracts includes only forward contracts signed with counterparties. In addition, the company holds several long-term gas-sourcing contracts for which the off balance sheet commitments between 31<sup>st</sup> December 2015 until 30<sup>th</sup> September 2016, amounting to EUR 229.5 million (2014: EUR 818.4 million) and long-term electricity-sourcing contracts amounting to EUR 135.2 million (2014: EUR 152 million). In addition, Enovos Luxembourg has natural gas purchase commitments from the 1<sup>st</sup> of October 2016 until 2025 for a volume of 60.7 TWh, for which prices will be settled during contract renegotiations. The cross-border gas-transportation capacity commitments account for EUR 49.1 million and run until 2025 (2014: EUR 102 million).

In the context of the investment in a stake (finalised in 2012) in two pulverised coal-fired power plants owned by RWE AG, Enovos Luxembourg S.A. also committed to buy a flat base load of 50 MW of electricity per year until the year 2037.

For its activities as an electricity distributor in Belgium, Enovos Luxembourg S.A. is obliged to deliver a certain amount of quota (green) certificates and guarantee of origin certificates to local regulators. In order to respect its obligations, the company, as of 31<sup>st</sup> December 2015, has a commitment, for the period 2016-2020, to purchase certificates valued at EUR 12.1 million from producers of alternative sources of energy (2014: 20.5 million).

## 2.4 Notes to the consolidated annual accounts (cont.)

## Note 37 – Off-balance sheet liabilities and commitments (cont.)

Enovos Luxembourg S.A. further entered into a variety of financially settled derivative contracts (mainly futures and swaps in gas and electricity) in order to hedge the procurements for customer business and assets. As of 31<sup>st</sup> December 2015, the unrealised gain of these transactions amounts to EUR 0,287 million (2014, unrealised loss: EUR - 4,6 million).

In the context of its conventional energy business, Enovos Luxembourg S.A. issued a parent company counter-guarantee for the benefit of Electrabel S.A. regarding Twinerg S.A.'s financing contract with the European Investment Bank for a current amount of EUR 1,466,563 (2014: EUR 2,812,343). In addition, a parent company guarantee of EUR 2,100,000 has been issued for the benefit of Engie S.A. in relation to a credit facility agreement entered into between the latter and Twinerg S.A. (2014: EUR 2,100,000).

Enovos Luxembourg S.A. took over a commitment related to a Memorandum of Understanding followed by a Contract in August 2009 signed with SEO S.A., RWE Power AG and the State of Luxembourg for the enlargement of the Vianden pumping station. Under an amendment dated 16<sup>th</sup> June 2011, the company committed to proportionally finance the bank loan taken out by SEO S.A.. In addition, Enovos Luxembourg S.A. agreed to provide up to EUR 20,000,000 in shareholder loan financing, out of which EUR 1,000,000 were undrawn as of 31<sup>st</sup> of December 2015.

In the context of its renewable energy business, Enovos Luxembourg S.A. issued a parent company guarantee to the lenders of Biopower Tongeren NV for a total amount of EUR 7,292,186 (2014: EUR 7,846,770). In addition, the company provided joint liability declarations amounting to EUR 2,665,926 (2014: EUR 3,629,297) as performance bonds under the loan and lease agreements entered into between Energiepark Trelderberg GmbH and the lending bank. Enovos Luxembourg S.A. also provided a letter of comfort amounting to EUR 200,000 to ensure commitments arising from a bank loan agreement entered into by Windpark Mosberg GmbH.

Within the framework of the sales process of photovoltaic installations held by Aveleos S.A., Enovos Luxembourg S.A. provided parent company guarantees amounting to EUR 23,312,900 to hold the buyer harmless from contingent liabilities. A provision of EUR 15,050,000 has been posted in 2014 to cover the risks on part of these guarantees.

Enovos Solar Investment I S.r.l. Unipersonale has outstanding operating lease obligations for a total amount of EUR 14,227,442 million (2014: EUR 15,446,958) maturing in 2029. All leasing obligations are guaranteed by a comfort letter issued by Enovos Luxembourg S.A..

Enovos Luxembourg S.A. has entered into an interest rate swap agreement in order to hedge its floating rate exposure from a loan it had received from Enovos International S.A. to refinance Enovos Solar Investment II S.r.l. Unipersonale. As of 31<sup>st</sup> of December 2015, the notional amount equals to EUR 17,356,110 (2014: EUR 18,489,029) with a negative fair value of EUR -1,855,000.

By order of Enovos Luxembourg S.A., the group's core banks have issued a number of bank guarantees to its suppliers, in the context of its regular business, totalling EUR 8,494,392 (2014: EUR 7,454,003).

Enovos Luxembourg S.A. further requested a bank guarantee of EUR 3,975,510 for the benefit of Twinerg S.A. as a performance bond for its financial commitments towards the latter.

For the electricity and gas trades, Enovos Luxembourg S.A. has received from counterparties parental support letters totalling EUR 70,150,000 (2014: EUR 55,000,000).

Within two of its renewable companies, Enovos Luxembourg S.A. agreed to a put option upon which it is obliged under certain conditions to acquire the shares from the minority shareholder.

In the context of the current investigations conducted by the Italian authorities, Enovos Solar Investments II S.r.l. Unipersonale issued a bank guarantee of EUR 7,494,558, amount for which Enovos Luxembourg issued a counter-guarantee to the bank.

Creos Luxembourg S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 1,000,992 (2013: EUR 1,000,000).

Leo S.A. has issued bank guarantees in the context of its regular business for a total amount of EUR 500,000 (2014: EUR 500,000).



## 2.4 Notes to the consolidated annual accounts (cont.)

**Note 37 – Off-balance sheet liabilities and commitments (cont.)**

In the context of the financing of the group's new administrative building in Esch, Real Estate Enovos Esch S.A. has granted to the lending bank a mortgage on its property in Domaine Schlassgoart for a maximum amount of 50% of the outstanding debt, or EUR 12.8 million at the end of 2015 (2014: EUR 13.5 million).

In the context of the financing of its various renewable projects, NPG Energy Group has agreed to pledge various assets for a total value of EUR 18.0 million (2014: EUR 23.1 million).

Enovos Deutschland SE and Enovos Renewables GmbH have granted various shareholder loans to non- consolidated participations for which the undrawn portions amount to EUR 765,925 on total (EUR 7,215,892 in 2014).

Luxenergie S.A., together with Société de l'Aéroport de Luxembourg S.A., has provided a joint and several guarantee in the context of the financing of their joint-venture Airport-Energy S.A., for an initial amount of EUR 15.8 million. The remaining balance as of 31<sup>st</sup> December 2015 amounts to EUR 9.7 million (2014: EUR 10.2 million).

The Board of Directors is of the opinion that all necessary provisions have been made to cover potential losses out of the off balance sheet liabilities and commitments.

**Note 38 – Subsequent events**

During the first quarter 2016, Enovos Luxembourg negotiated with the shareholders of Twinerg a new loan agreement of EUR 4,962,493 upon which the financial obligation to finance Twinerg will be completed and any bank guarantee in connection with this commitment (EUR 3,975,509.71) as well guarantees granted to Engie (former GDF) being EUR 2,100,000 and Electrabel EUR 1,466,563 will be released.

**Change in shareholding**

On 23<sup>rd</sup> December, 2015, the Minister of Economy of Luxembourg, ARDIAN, RWE and E.ON announced a major change in the shareholding of Enovos International S.A.. A consortium led by the existing shareholders, the Luxembourg State, the City of Luxembourg, the SNCI (Société Nationale de Crédit et d'Investissement), and ARDIAN, joined by the BCEE (Banque et Caisse d'Epargne de l'Etat) announced the take-over of all the company's shares held by RWE and E.ON energy groups (28.36%). Closing of the transaction was on 7<sup>th</sup> March 2016 and was followed by an extraordinary general assembly of the shareholders of Enovos International S.A. on the same date.

With effect of the closing of this transaction, the Luxembourg State's right to a direct participation in Creos Luxembourg S.A. as described above is not only shared with SNCI, but also with BCEE.

There are no other post-balance sheet events affecting the 2015 accounts.





## **Audit report**

To the Shareholders of  
**Enovos International S.A.**

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### **Report on the consolidated annual accounts**

We have audited the accompanying consolidated annual accounts of Enovos International S.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated profit and loss account and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the consolidated annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these consolidated annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these consolidated annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the consolidated annual accounts give a true and fair view of the financial position of the Group as of 31 December 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated annual accounts.

**Report on other legal and regulatory requirements**

The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated annual accounts.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 22 April 2016

A handwritten signature in blue ink, appearing to read 'Christiane Schaus', written over a horizontal line.

Christiane Schaus